

MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)
)

HOLLYWOOD PARK SUNSET ROOM

1050 S. PRAIRIE AVENUE

INGLEWOOD, CALIFORNIA

TUESDAY, JUNE 19, 2007

10:00 A.M.

Reported by:
Troy A. Ray

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APPEARANCES

COMMISSIONERS

Richard B. Shapiro, Chairperson

John C. Harris, Vice-Chairperson

John Andreini

Jesse H. Choper

Jerry Moss

STAFF

Ingrid J. Fermin, Executive Director

Jacqueline Wagner, Staff Services Manager I

Derry L. Knight, Deputy Attorney General

Richard Bon Smith, Assistant Executive Director

Mike Marten

Robert Zavala

Dr. Rick Arthur, Equine Medical Director

ALSO PRESENT

Bonnie Thurman

Chris Carpenter

Jeff Hinds

Melanie Frank

Stuart Titus

Chris Korby

Ralph Scurfield

Richard Feinberg

Jim Perez

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APPEARANCES CONTINUED

ALSO PRESENT

Frank Stronach

Ron Charles

Candy Young

Jerry Jamgotchian

Paul Jones

Dino Perez

Arthur Gray

Darryl Harrod

Brian Beck

Ed Halpern

Robert Hartman

Jack Liebau

Tom Bachman

Mr. English

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1 PROCEEDINGS

2 EXECUTIVE DIRECTOR FERMIN: Ladies and gentlemen,
3 will the meeting please come to order. This is a regular
4 meeting of the California Horse Racing Board on Tuesday,
5 June 19th, 2007, at the Hollywood Park Race Track, 1050 S.
6 Prairie Avenue, Inglewood, California.

7 Present at today's meeting are Chairman Richard
8 Shapiro, Vice-Chairman John Harris, Commissioner John
9 Andreini, Commissioner Jess Choper, and Commissioner Jerry
10 Moss.

11 Before we go on to the business meeting, I'd like
12 to have everyone make sure that before speaking that you
13 state your name clearly for the court reporter.

14 Mr. Chairman.

15 COMMISSION CHAIRPERSON SHAPIRO: Thank you, and
16 good morning to everybody. Hopefully, we do know that there
17 was a problem with the sound at our last webcast, and so for
18 those people that are not here, hopefully, we'll do a better
19 job and make sure that the sound is working.

20 The Board invites comment from the public about
21 items on its agenda. It also invites public comment about
22 items that are not on the agenda, that are related to horse
23 racing, during an open comment period.

24 In order to assure that each individual, who
25 wishes to comment, will have an adequate opportunity to do

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1 so, and also to assure that the meeting as a whole be
2 completed in a timely manner, so that the individuals
3 wishing to comment on the multiple matters will not be
4 required to stay for an unreasonable length of time, I will
5 strictly enforce a five-minute time limit for each person
6 wishing to speak on any agenda item.

7 The goal of this rule is to assure each person's
8 right to make their views known is not interrupted by
9 another person's conduct.

10 In order to expedite the comment process, there is
11 a public comment sign-in sheet or cards. And Jackie, can
12 you please tell me where they are? They're over on the
13 table, over on this side. If you'll raise your hand, Steve?
14 There, over by Steve. Thank you.

15 On which public comment will be taken, as well as
16 a comment card about anything related to horse racing, that
17 is not on the agenda.

18 The cards are located over by Steve, on the table
19 on the side there.

20 Please print your name legibly, so that I do not
21 mangle.

22 Just prior to our discussion of the item, the
23 comment cards will be brought to me. After initial
24 statements, discussion of the item, the comment cards will
25 be brought to me. After initial statements from staff and

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1 interested parties, I will ask for public comment.

2 Sorry. And I'll turn that off in a second, as
3 everyone else should.

4 When your time is up you will be expected to
5 return to your seat so that I may call the next person
6 waiting, to the podium.

7 When all the names have been called, I will ask if
8 anyone else has a comment on the agenda item, which has not
9 already been spoken to. At that point, the Board will not
10 take any further comment on an item unless the Board has
11 specific questions it wishes addressed.

12 If the time is up, I will ask the speaker to
13 please take his or her seat. If it appears that a speaker
14 is repeating what has previously been stated, I will ask the
15 speaker if he or she has any additional comments to make.
16 If not, I will ask the speaker to allow the next speaker to
17 allow the next speaker to come to the podium, irrespective
18 of the time remaining, unless a Board member indicates that
19 he or she still wishes to hear from the individual.

20 If it appears that a speaker is not speaking to
21 the agenda item or speaking to another agenda item, I will
22 ask the speaker to please return to his or her seat and
23 address his or her comments at the appropriate time.

24 I'll just find my agenda. I just want to see,
25 this thing keeps buzzing, and I'm going to turn it off, but

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1 I think it's to tell me if the sound is working. Let's just
2 see.

3 Okay, apparently there's a little time delay in
4 the sound, but it is working. So for those people in
5 webcast land, at least we have that.

6 All right, the first agenda item is approval of
7 the Minutes of the Regular Board meeting of May 22nd, 2007.

8 Are there any comments, changes or additions to
9 the minutes? If there are none, I will ask for a motion to
10 approve the minutes.

11 COMMISSION VICE-CHAIRPERSON HARRIS: I'll move we
12 approve.

13 COMMISSION CHAIRPERSON SHAPIRO: It's moved. Is
14 there a second?

15 COMMISSIONER MOSS: Second.

16 COMMISSION CHAIRPERSON SHAPIRO: Seconded. All in
17 favor, aye.

18 (Ayes.)

19 COMMISSION CHAIRPERSON SHAPIRO: They're approved.

20 The next agenda item is discussion and action by
21 the Board on the application to conduct a horse racing
22 meeting at the San Mateo County Fair at Bay Meadows, from
23 August 8th through August 19th, inclusive.

24 And we have Jackie Wagner, CHRB staff, to present
25 it.

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1 MS. WAGNER: Good morning, Commissioners. The
2 application from the San Mateo County Fair has been
3 received. They are proposing to race from August the 8th
4 through August the 19th, or 11 days. This is one day less
5 than they raced in 2006.

6 The fair is proposing to race a total of 103
7 races, and this is 11 races less than they raced last year.

8 They will be racing Wednesday through Sunday, with
9 eight or nine races per day on Wednesday, eight races on
10 Monday, Thursday and Friday, and nine races on Saturday and
11 Sunday.

12 They will be racing concurrently with the Humboldt
13 Fair and Del Mar on specified days.

14 Their first post time is 1:45 p.m. daily, and they
15 will have a 1:15 p.m. post on Pacific Classic Day, which
16 this year is August the 19th.

17 The analysis indicates that we are missing the
18 stabling and vanning contract, and I am pleased to report
19 that we have received a signed contract for the stabling and
20 vanning. That has been received and I do have that.

21 And staff would recommend that the Board approve
22 the application as presented. Their representatives from
23 the fair for questions.

24 COMMISSION CHAIRPERSON SHAPIRO: Thank you,
25 Jackie. Perhaps those representatives could come forward so

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1 we can ask them a few questions.

2 And I must remind everybody if they would please
3 state their name for the record, so the court reporter will
4 be able to insert it into the transcript.

5 Good morning, how are you?

6 MS. THURMAN: Good morning.

7 MR. CARPENTER: Good morning.

8 COMMISSION CHAIRPERSON SHAPIRO: Good. First of
9 all, I noticed that it said in the write-up, that we have,
10 the staff analysis, that you were going to run nine races on
11 Saturday and Sunday and yet, when I looked further, it
12 appeared that there would be ten on Saturday and Sunday.
13 Which is it?

14 MS. THURMAN: I can answer that. This is Bernie
15 Thurman. We plan to run eight thoroughbreds -- can you
16 hear?

17 COMMISSION CHAIRPERSON SHAPIRO: It's the bigger
18 mike.

19 MS. THURMAN: It's the bigger mike. Bernie
20 Thurman, with San Mateo County Fair. We plan to race eight
21 races for thoroughbreds, one race for breeds, on weekdays.
22 Nine plus one on weekends. So nine races on weekdays, ten
23 races on weekends.

24 COMMISSION VICE-CHAIRPERSON HARRIS: So it was
25 misstated by Jackie?

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1 MS. THURMAN: It's just a misstatement.

2 COMMISSION CHAIRPERSON SHAPIRO: Okay, so we'll
3 give Jackie one demerit.

4 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah.

5 COMMISSION CHAIRPERSON SHAPIRO: Okay. And I know
6 that I've seen some correspondence that you don't have any
7 stakes races at this fair.

8 COMMISSION VICE-CHAIRPERSON HARRIS: For
9 thoroughbreds.

10 COMMISSION CHAIRPERSON SHAPIRO: For
11 thoroughbreds. There are shown, I think, three stakes
12 races, two for Arabians and one for quarter horses.

13 MS. THURMAN: That's correct.

14 COMMISSION CHAIRPERSON SHAPIRO: And yet there are
15 stakes races at the other fairs. Why is there not one at
16 the San Mateo County Fair?

17 MS. THURMAN: San Mateo County Fair is the only
18 overlap fair that receives no allocation of supplemental
19 purse funds, so it's uniquely difficult for us to balance
20 the purse account.

21 COMMISSION VICE-CHAIRPERSON HARRIS: Do you plan
22 to have any allowance races?

23 MS. THURMAN: Yeah, we were able to fill five
24 thoroughbred allowance races last year.

25 COMMISSION VICE-CHAIRPERSON HARRIS: I mean, the

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1 allowance purses are really not significantly lower than a -
2 - a stakes purse, for black type, is 45,000. One of my
3 concerns was that Northern California needs to almost
4 reestablish itself as a place for year-round opportunities
5 for better horses. Not just \$4,000 claimers, but horses
6 that can run in all categories. And the stakes program is
7 important to California breeders.

8 And I just hate -- I know this is basically agreed
9 to by TOC, so it's not strictly a Bay Meadows Fair issue,
10 it's also TOC, as part of their contract. It just seems --
11 and I know you haven't had those before, either, but I just
12 hate to see -- I remember in the so-called old days there
13 were two or three stakes at Bay Meadows Fair, and maybe it's
14 a done deal for this year, but I hope you can find some
15 category that would work, because you have a turf course,
16 you have a lot of advantages to other tracks, and I just
17 hate to see the loss of stakes opportunities in Northern
18 California. Because I think it's not just your track, but
19 the overall circuit up there is hurt when you don't have
20 stakes opportunities.

21 MS. THURMAN: Well, there's always the option that
22 if we see a category that could fill that we could provide a
23 late overnight stake, with permission of the TOC. So if we
24 found something for fillies and mares, or some unique
25 category that we thought had a shot of going, we'll sure do

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1 that.

2 COMMISSION VICE-CHAIRPERSON HARRIS: That would be
3 great. The Bernie Thurman Stakes would be nice.

4 MS. THURMAN: There you go.

5 COMMISSION VICE-CHAIRPERSON HARRIS: They're doing
6 a Forrest White in Stockton.

7 COMMISSION CHAIRPERSON SHAPIRO: I noticed, also,
8 and I recall from our conversation of last year, that the
9 fairgrounds is a bit of a distance from the track. And I
10 saw in here that you have two shuttle buses going back and
11 forth, apparently, during the week, and three on the
12 weekends. What other efforts are there, that are made, to
13 try and bring racing into the fair, or to get the fair goers
14 over to the track? I mean, it's a fair and it's important
15 that we cross-pollinate between the two, I'm sure you've
16 addressed this and you are, but I'd like to better
17 understand it?

18 MR. CARPENTER: Well, it's Chris Carpenter,
19 General Manager San Mateo County Fair and San Mateo County
20 Event Center.

21 I believe we have addressed it. And with me
22 today, also, I've brought Jeff Hinds, who is our Manager of
23 the Fair and Festivals. And Jeff has put together a very
24 good program. If you will, we can go through this fairly
25 quickly and then we can give you a copy of it, otherwise.

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1 But we do have some marketing efforts in addition
2 to the shuttles, which are great, which will pick up in the
3 Hillsdale CalTrans station, and deliver people to the fair.
4 Or excuse me, take people from the fair to the horse races.

5 But I'll give Jeff an opportunity to go through
6 this program and, as I say, I'll give you a copy afterwards.

7 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

8 MR. HINDS: Would you care for me to distribute
9 these?

10 COMMISSION CHAIRPERSON SHAPIRO: Sure. And Jeff,
11 in the future, if you could give us this in advance, it
12 would be helpful to us all. Okay.

13 MR. HINDS: The San Mateo County Fair is dedicated
14 to the increasing of the overall awareness of horse racing,
15 not only in our community, but throughout our region and
16 throughout the State. We are committed to bring new fans to
17 the horse track, creating a new generation of horse racing
18 aficionados, while recognizing the importance of the pre-
19 established relationships we, and the rest of the racing
20 community, have established.

21 We'll continue to focus on our exemplary service
22 and to all of our guests, both past, present, and future.
23 We've put together a presentation that focuses on the
24 efforts we're going to make to promote horse racing
25 throughout our general community, bring new fans to the race

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1 track, and also continue to focus on the fans we have now
2 currently attending the race meet.

3 To attract new fans and focus on our pre-existing
4 customer base, we'll utilize a multi-tiered marketing
5 campaign. We understand the importance of utilizing new
6 technology to reach out to a new group of attendees, while
7 maintaining a focus on our traditional marketing media and
8 promotions to our core fans, the ones they have come to
9 expect.

10 Perhaps equally as important, we understand the
11 importance of rewarding and thanking our track-side
12 employees and we are excited to work towards an even better
13 dialogue between our most important asset, our employees,
14 and our guests.

15 So it will be a complete inclusion in a multi-
16 tiered marketing and PR campaign, utilizing new technology
17 to drive traffic and guests to the track. We'll continue to
18 provide free track admission and incentives to all fair
19 attendees to drive them from the fairgrounds to the race
20 track, via either the shuttles, or the grounds are within
21 walking distance, for those who choose to do so.

22 If you'll turn to page three, you'll see our on-
23 grounds promotions. Again, the free admission to the live
24 races to all fair attendees, with paid admission.

25 We'll continue to distribute free grandstand

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1 admission passes to all guests upon the main entry of the
2 fair, to also include a marketing blurb, a marketing piece
3 talking about the race, as upon their entry, in order to
4 drive additional traffic from the fair gate to the race
5 meet.

6 Once the guests are on the grounds, we'll have
7 distribution of promotional materials on the grounds. We're
8 going to work with Bay Meadows to bring jockeys over onto
9 our grounds, during non-racing hours, in order to promote
10 the race meet at the fair and have live interaction with the
11 jockeys and our guests, allowing them to sign autographs and
12 take pictures.

13 There will be knowledgeable staff from Bay Meadows
14 on site, providing wagering information throughout the day.
15 We're going to invite guests to visit the live race meet at
16 Bay Meadows through a number of different wagering
17 opportunities and promotions, as well.

18 On page four you'll see the San Mateo County Fair
19 promotion schedule that we're going to be producing. You'll
20 notice that there's a number of different promotion, with at
21 least one promotion on each day.

22 We have a couple of new promotions we're excited
23 to announce for this year, including "Examine Our Family Day
24 at Bay Meadows," in conjunction with one of our media
25 partners, The San Francisco Examiner, we're going to provide

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1 free admission, free lunch, and a number of free
2 entertaining opportunities for families to come out and
3 enjoy the race meet and, hopefully, breed a new generation
4 of racing fans and aficionados that way.

5 In conjunction with the fair and our Kid's Day,
6 we're also having Kid's Day at the race track, where Bay
7 Meadows will be partnering with us and producing a Kid's Day
8 at the Track and a coloring book giveaway, which will also
9 be a coloring book contest, with everybody entering into the
10 color contest, their parents receiving free admission to the
11 race track, to invite them back for one of our last days, on
12 Saturday, where they will be receiving free prizes as they
13 do so.

14 Saturday, August 19th, will also be a free T-shirt
15 giveaway for the first 4,000 fans that attend the race meet,
16 in part to get more fans to the race track by providing them
17 an opportunity to receive a free product, and also
18 continuing to market the San Mateo County Fair race meet
19 throughout the year, as people wear their T-shirts
20 throughout the community.

21 We're also excited to announce a couple of new
22 technological innovations that are going to allow for
23 marketing of the fair and the race meet to our guests. One
24 of the key aspects of that is a text messaging campaign,
25 utilizing cell phones. It allows us a number of different

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1 things, including the ability to get demographic information
2 and provides incentives to guests.

3 The program will allow us to provide instantly
4 redeemable wagering vouchers to guests, who opt into the
5 program, and those can be redeemed on site, at the race
6 track or at the grounds, in order to receive a voucher that
7 they can drive at the grounds.

8 If they log into the website a home, they'll
9 receive a free second day admission pass, so they'll also
10 receive two free admission passes to Bay Meadows for the
11 race meet. They also have the ability to receive additional
12 wagering vouchers and more rewards when they log in from
13 home.

14 And that results in a database of interactive
15 partners for future horse racing fan utilization and
16 marketing purposes.

17 We're taking that even a step further, as we're
18 working on the creation of a text-based horse racing game
19 that allows for on or off site interactive experience with
20 our guests. It will encourage fans, that haven't realized
21 they're fans of racing yet, to look up race results and be
22 involved in horse racing in a whole new way. They'll have
23 to look up the daily box scores in order to figure out how
24 to win and they'll have to attend the live race meet in
25 order to text their response throughout the fair in order to

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1 win daily prizes. And then there will, indeed, be a grant
2 prize, which currently looks like we're working with a
3 partner in order to provide free gas for a year.

4 It provides a whole new set of opportunities for
5 horse racing fans, alike, and also future fans in order to
6 become involved in horse racing, and utilize new technology
7 in exciting and new ways and, indeed, drive them to the race
8 track and drive them to the box scores in the newspapers and
9 local sites.

10 Traditional media, we're not overlooking that,
11 that's an important part of our marketing campaign. We have
12 a media value of over \$300,000 with our net media buy and
13 media trade. We have a direct tie-in with our in-house PR
14 program for this year, which is new. We brought our PR
15 department in-house, with the fair, which will allow us a
16 whole set of new opportunities of working with Bay Meadows
17 and releasing exciting news stories as we go forward
18 throughout the fair.

19 And, of course, I've mentioned some of our
20 exciting new marketing channels. We'll continue to use text
21 message based advertising, as we did last year, which
22 showcased a tremendous increase in gate sales for the fair
23 on our test circuit. We'll continue to utilize that and
24 utilize that for horse racing this year, as we saw such
25 tremendous results last year.

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1 You'll see our traditional media outlets covers
2 the entire range across the board, multiple television
3 stations, radio stations, print, and also we're focusing on
4 online. You'll see we focus on multiple language stations,
5 both English, Spanish, and also the Chinese language
6 television station in the Bay Area, to reach out to the
7 diversity of our crowd.

8 You'll see the media coverage area. Our media
9 coverage reaches out for a great distance, not just focusing
10 on the fans within San Mateo and San Mateo County, but also
11 our surrounding counties, including Alameda County, San
12 Francisco County, Santa Clara County, Contra Costa County,
13 and Marin County, and beyond.

14 Perhaps one of the new and exciting aspects of
15 marketing that we're focusing on is online advertising.
16 Again, this was a test campaign utilized last year, by
17 purchasing banner advertising on one of the most popular
18 websites in the United States. The media campaign we
19 purchased allows us over 3 million unique assured
20 advertising views, which is separatable by complete
21 definition of target markets and demographics in any of 72
22 categories, which assures that we're marking to the correct
23 people and the people that are going to be most likely to
24 attend the race meet.

25 The other exciting part of this is the fully

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1 interactive multimedia marketing experience, including the
2 ability for web users to play a multimedia based game that
3 ties directly into that text message based campaign, that I
4 spoke of earlier. It gets people familiar with that, with
5 the way horse racing works, and the way the wagering works
6 at the track. It also drives traffic direct to our fair and
7 horse racing website, the complete ability to track who's
8 coming to allow us to utilize that in future marketing
9 campaigns and only get better at what we're doing in driving
10 more attendees both to our track, and tracks throughout the
11 State of California.

12 So we're excited to announce a lot of these new
13 campaigns as we go forward. We're focusing on our current
14 fans, as well as trying to drive new fans to the track, and
15 also to check the box scores throughout the newspapers, in
16 order to generate an entire new generation of fans of horse
17 racing throughout the State of California.

18 COMMISSION CHAIRPERSON SHAPIRO: I think that's
19 very impressive. I think the text messaging and some using
20 technology today is a great idea. I mean, you can't go
21 anywhere where you don't find young people text messaging,
22 and at all times day or night, and I think it's a great idea
23 because it appears to be that if you can get people -- if
24 you can get to their cell phones, or their Blackberry's, or
25 whatever they're using, and entice them, and I think it's a

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1 very creative approach and I compliment you on that.

2 One question I did not ask, and I meant to, is you
3 are part of CARF and, therefore, I'm assuming that you
4 are -- for ADW wagering, you will available yourself of all
5 ADW providers that are licensed in the State of California;
6 is that correct?

7 MS. THURMAN: That's correct.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay, so
9 XpressBet, TVG, and Youbet all will be taking your racing.

10 MS. THURMAN: Youbet and TVG.

11 COMMISSION CHAIRPERSON SHAPIRO: And there's
12 nothing on the horizon, no agreements, any which way, shape,
13 or form that could interfere with the continuous signal
14 that's being taken from this race meet; is that correct?

15 MS. THURMAN: We foresee no problems.

16 COMMISSION VICE-CHAIRPERSON HARRIS: On the
17 overall fair racing, I notice that -- I was watching
18 Stockton this weekend, and HRTV was covering Stockton, but
19 TVG wasn't. Does TVG have a new policy that they're not
20 televising the fairs, or it was just the time I was watching
21 them they're weren't? Anyone know?

22 COMMISSION CHAIRPERSON SHAPIRO: We can't hear,
23 and so if you want to step to this microphone, there's one
24 here. Please identify yourself, I know you're from TVG.

25 MS. FRANK: Yeah, Melanie Frank, with TVG. To

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1 answer your question, no, there's no new policy not to
2 televise fairs, it was likely just the time you were
3 watching.

4 COMMISSION VICE-CHAIRPERSON HARRIS: Thank you.

5 COMMISSION CHAIRPERSON SHAPIRO: Well, we
6 certainly hope that you'll decide to televise the fairs over
7 Ukaipa Downs, or something, since California racing's
8 better.

9 COMMISSION VICE-CHAIRPERSON HARRIS: But, yeah, I
10 realize they've got some exclusive tracks, but it seems like
11 they only had a couple of exclusive tracks that were being
12 televised and they never got back Stockton.

13 COMMISSION CHAIRPERSON SHAPIRO: Does anybody else
14 have any other questions for this applicant?

15 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, I think
16 it's a really good program here and the only thing I'd like
17 to see is some measurement of how you do. If you can get
18 back to us with what works, and what doesn't work, and kind
19 of quantify, because you've got a lot of new ideas that look
20 good.

21 But what would you say would be an estimation of
22 how many people you'd hope to get like, one, to your fair;
23 and two, to the race track from the fair, or the race track,
24 period?

25 MR. CARPENTER: Yeah, the conservative estimate of

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1 attendees to the annual county fair is 150,000 over the ten-
2 day span. Driving that to the race track, we hope to
3 accomplish driving the majority of those fans to the race
4 track. And I see that the promotions that we've focused on
5 have the ability to drive a good percentage of them.

6 COMMISSION CHAIRPERSON SHAPIRO: We'll settle for
7 100,000 people going.

8 (Laughter.)

9 COMMISSION VICE-CHAIRPERSON HARRIS: Well, I
10 think, as I recall, the on-track at the track was pretty
11 dismal, basically. Do you recall what the on-track
12 attendance was at your last year's meet?

13 MS. THURMAN: It was 27,000 and that was up seven
14 percent over the prior year.

15 COMMISSION VICE-CHAIRPERSON HARRIS: That's over
16 ten days?

17 MS. THURMAN: Oh, 12 days last year.

18 COMMISSION VICE-CHAIRPERSON HARRIS: So I mean
19 you're in the low two thousands per day, which is not very
20 many. I just hope there's some way to increase that with
21 the populations that you have around you.

22 Do you keep the Turf Club open during that period?

23 MS. THURMAN: On weekends.

24 COMMISSION CHAIRPERSON SHAPIRO: All right, if
25 there aren't anymore questions, I would entertain a motion

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1 to approve this applicant, and wish them good luck and good
2 racing.

3 COMMISSIONER CHOPER: So moved.

4 COMMISSION CHAIRPERSON SHAPIRO: Okay, it's moved.
5 Is there a second?

6 COMMISSIONER MOSS: Second.

7 COMMISSION CHAIRPERSON SHAPIRO: Second. All in
8 favor?

9 (Ayes.)

10 COMMISSION CHAIRPERSON SHAPIRO: Thank you. And
11 very creative, thank you.

12 The next agenda item is Item Number 3, which is
13 discussion and action by the Board on the application to
14 conduct a horse racing meeting of the Humboldt County Fair
15 at Ferndale from August 9 through August 19th, inclusive.

16 Perhaps representatives will come up to the table,
17 after Jackie Wagner gives us our introduction.

18 MS. WAGNER: The Humboldt County -- Jackie Wagner,
19 CHRB staff. I know I said that, but --

20 Anyway, the Humboldt County Fair has filed their
21 application to conduct their race meeting at Ferndale. They
22 will be racing from August the 9th through 19th, and they
23 will be racing ten days, which is the same number of days
24 that they raced in 2006.

25 They are proposing to race 75 races, which is the

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1 same as they did in 2006.

2 They will be racing Thursday through Monday the
3 first week, and Wednesday through Sunday the second week.
4 They will have six races on Wednesdays. They are proposing
5 seven races for Mondays and Thursdays, and eight races on
6 Friday and Saturday, and seven or nine races on Sundays.

7 They will be racing concurrently with the San
8 Mateo County Fair and Del Mar on specified days.

9 Their first post time is 1:55 p.m. on Saturday and
10 Sunday. They will have a 2:25 p.m. post on Monday,
11 Wednesday, and Thursday. And a 2:55 p.m. post on Friday.

12 Again, the analysis indicates that the stabling
13 and vanning contract is outstanding.

14 And as reported with the other fair application,
15 we have received this contract. And staff would recommend
16 the Board adopt the application.

17 We do have representatives.

18 COMMISSION CHAIRPERSON SHAPIRO: Thank you. Is
19 there a representative of the fair here?

20 MR. TITUS: Good morning.

21 COMMISSION CHAIRPERSON SHAPIRO: Good morning, Mr.
22 Titus, how are you?

23 MR. TITUS: Very well, thanks.

24 COMMISSION CHAIRPERSON SHAPIRO: Good. First of
25 all, your constituents up there have the best letter writing

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1 campaign of anybody. Okay. So and as I told that somebody,
2 I said, I'm coming up for the fair this year.

3 But seriously, I did want to ask a question,
4 because I didn't see it in the application, and as I recall,
5 do you know what different cameras in terms of officiating,
6 what equipment you have? Because I didn't see anything in
7 the application and I am concerned that our stewards have
8 the necessary equipment to properly, you know, officiate the
9 racing. Do you know what you have?

10 MR. TITUS: I do not know the technical
11 descriptions, but as the --

12 COMMISSION CHAIRPERSON SHAPIRO: Do you know the
13 camera locations?

14 MR. TITUS: The camera locations are at the finish
15 line and there are camera towers on each of the two turns.
16 Again, it's a --

17 COMMISSION CHAIRPERSON SHAPIRO: Do you know if
18 you have a head-on camera?

19 MR. TITUS: Yes.

20 COMMISSION CHAIRPERSON SHAPIRO: Does staff, do we
21 have --

22 EXECUTIVE DIRECTOR FERMIN: It's a smaller track
23 so it doesn't have some of the stipulations that we have on
24 the mile track. They don't have, for instance, the
25 equivalent of a five-sixteenths. But they have a head-on

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1 down the back side, head-on through the front side, and they
2 have a pan shot, as I recall.

3 MR. KORBY: I might be able to shed some light on
4 that.

5 COMMISSION CHAIRPERSON SHAPIRO: Okay.

6 MR. KORBY: Chris Korby, California Authority of
7 Racing Fairs. There are two head-on cameras there, a pan
8 camera. There's a camera at the finish line for production
9 purposes, not so much for officiating.

10 COMMISSION CHAIRPERSON SHAPIRO: Well, okay. I'm
11 concerned with officiating. And I know it's a smaller
12 track.

13 MR. KORBY: It's the same complement of cameras as
14 we have at the other tracks, but positioned as is
15 appropriate for the smaller scale of that track.

16 COMMISSION CHAIRPERSON SHAPIRO: Okay. Well, I
17 think I'd like to see from staff at least a description of
18 what there is. Because I recall that there was some issue
19 with the equipment that was available to the stewards to
20 make appropriate decisions. And I just want to make sure
21 that we have the tools available to properly regulate and
22 officiate the races.

23 MR. KORBY: We will be glad to furnish you a
24 diagram of the track, with the camera locations noted on it.

25 COMMISSION CHAIRPERSON SHAPIRO: Okay, I think

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1 that's a great idea and, in fact --

2 EXECUTIVE DIRECTOR FERMIN: I'll be glad to speak
3 with the stewards from last year. I don't recall a
4 complaint about the cameras.

5 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, I
6 recall being up there a couple of years ago and it looked
7 fine. But it should be part of the application.

8 COMMISSION CHAIRPERSON SHAPIRO: Right.

9 MR. KORBY: We'll be glad to furnish that for you.

10 COMMISSION CHAIRPERSON SHAPIRO: Okay, and why six
11 races on Wednesdays and seven or nine on Sundays?

12 MR. TITUS: Well, this is not the first year that
13 we've made such a proposal. In fact, we've been going with
14 this kind of measured program for most of the 16 years that
15 I've been there, and it's really a matter of managing the
16 herd and going with the stronger program with what we know
17 will be the bigger days attendance wise, and in the
18 satellite network, as well.

19 And to provide adequate racing opportunities for
20 the horses that come up there, but also to provide for full
21 fields, or as full as possible, that format has worked
22 reasonably well. We'd like to have more, but that seems to
23 be the direction.

24 COMMISSION CHAIRPERSON SHAPIRO: What is your
25 maximum field size?

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1 MR. TITUS: Eight.

2 COMMISSION CHAIRPERSON SHAPIRO: Okay.

3 COMMISSION VICE-CHAIRPERSON HARRIS: Was there
4 some thought, and I should have asked this when Bay Meadows
5 fair was here, too, of going a little bit later -- you're
6 going a little bit later on Friday, but since Del Mar has
7 their four o'clock Fridays, moving it back even more, would
8 that make any sense?

9 MR. TITUS: Well, for most of the years, the past
10 16 years, we did have a later post on the Friday, but there
11 is that fine line between understanding the importance of
12 fitting in with the Del Mar signal and trying to satisfy the
13 concerns and the comments of our own local fans.

14 So it was my board's recommendation that we have
15 moved it from what was a 3:55 first post on Friday to 2:55.

16 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, I think
17 you really want to put your fans first, but it gets dark
18 pretty late up there, as I recall, because you're pretty far
19 north, anyway.

20 MR. TITUS: Fog is actually more of a problem.

21 COMMISSION VICE-CHAIRPERSON HARRIS: Well, that
22 can be an issue.

23 COMMISSION CHAIRPERSON SHAPIRO: Okay. And I just
24 was kind of curious that in your application, when it came
25 to describing improvements for fans, you said nothing new

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1 this year, but we do have plans for the future. So that's
2 two questions.

3 COMMISSION VICE-CHAIRPERSON HARRIS: Sounds like
4 the story of our life.

5 COMMISSION CHAIRPERSON SHAPIRO: Why nothing new
6 for this year and what are you plans for the future?

7 MR. TITUS: Well, with our limited resources, we
8 do need to sort of focus on a project at a time. We have
9 made substantial improvements over the years for the fans in
10 the racing grandstands complex. This year, however, our
11 focus has been on the racing office and jockey's quarters,
12 and we're very proud and happy at the new facilities we'll
13 have available up there.

14 But part of what people enjoy about Humboldt is
15 the quaintness and the country feel to it. They like our
16 old grandstands, although they are nice. But we have some
17 plans for continuing to upgrade and improve those.

18 COMMISSION VICE-CHAIRPERSON HARRIS: I was up
19 there a few years ago. I plan to go back this year, I'll
20 take Richard, and anybody else who wants to go. It's a very
21 unique setting and --

22 COMMISSION CHAIRPERSON SHAPIRO: Are you going to
23 fly the plan or is somebody else going to fly the plane?

24 COMMISSION VICE-CHAIRPERSON HARRIS: I'll find
25 somebody to fly it.

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1 COMMISSION CHAIRPERSON SHAPIRO: Okay.

2 COMMISSION VICE-CHAIRPERSON HARRIS: Maybe I'll
3 find somebody with a faster plane, that would be even
4 better.

5 COMMISSION CHAIRPERSON SHAPIRO: Okay.

6 COMMISSION VICE-CHAIRPERSON HARRIS: But it should
7 be looked at. It overlaps Del Mar, so a lot of people don't
8 get around to going up there, but you do have a pretty good
9 following and I think it's important that you keep
10 reestablishing yourself as the destination.

11 COMMISSION CHAIRPERSON SHAPIRO: You definitely
12 have a very loyal fan base. Last year, when we had the
13 issues or controversy over making changes with the fairs, I
14 don't think I got more e-mails on anything but that.

15 MR. TITUS: We have several generations of
16 Humboldt County people who've supported horse racing. They
17 are passionate, they do love it, and they want to do
18 everything that they can. And I look forward to seeing you
19 up there.

20 COMMISSION VICE-CHAIRPERSON HARRIS: Are these the
21 best dates for you, as far as the time? I mean, does this
22 tie into other activities that are going on, are these
23 traditional dates, or how does that work?

24 MR. TITUS: The mid-August dates are traditional.
25 We have -- we continue to have conversations relative to the

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1 race dates issue about can we move them, can we do this, can
2 we do that, and a lot of the issues that we run into early
3 on are locally based. There's community events, in a
4 relatively small community, every week during the summer.
5 It would be difficult for us to move. Some of the reasons
6 why change would be difficult are the same reasons that
7 other fairs have decided, and that is school schedules,
8 which begin not after Labor Day, but prior to Labor Day. So
9 it would be difficult for us to move, but we continue to
10 have those conversations.

11 COMMISSION CHAIRPERSON SHAPIRO: All right, does
12 anybody else have any other questions?

13 If not, I'd ask for a motion to approve this?

14 COMMISSIONER MOSS: So moved.

15 COMMISSION VICE-CHAIRPERSON HARRIS: Second.

16 COMMISSION CHAIRPERSON SHAPIRO: Second.

17 All those in favor, aye?

18 (Ayes.)

19 COMMISSION CHAIRPERSON SHAPIRO: Tell everybody in
20 Ferndale hello.

21 MR. TITUS: Thank you.

22 COMMISSION CHAIRPERSON SHAPIRO: The next item on
23 the agenda is the discussion and action by the Board on the
24 application to conduct a horse race meeting of the
25 Sacramento Harness Association, at Cal-Expo, from August 1st

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1 through December 22nd, inclusive.

2 MS. WAGNER: This application is from the
3 Sacramento Harness Association. Again, they are racing --
4 proposing to race from August 1 through December the 22nd.
5 They are proposing to race 77 nights, with 1,046 races.
6 In 2006 they were allocated 74 nights of racing.

7 They are proposing to race from Wednesday through
8 Saturday. Their first post time will be a 5:35 p.m. post on
9 Wednesdays and Thursdays. They will have a 6:20 p.m. post
10 on Friday and Saturday through September the 30th, and after
11 that they will have a 5:35 p.m. post beginning October the
12 3rd, and that post time will run through the end of the race
13 meeting.

14 Of course, they are proposing to coordinate their
15 post time with Los Alamitos Quarter Horse Racing
16 Association, and the Thoroughbred twilight and evening races
17 for all the racing fairs.

18 Their advance deposit wagering providers are TVG
19 and Youbet.

20 We do have representatives from the association to
21 answer any questions.

22 And staff would recommend that the Board approve
23 the application.

24 COMMISSION CHAIRPERSON SHAPIRO: Thank you,
25 Jackie.

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1 If representatives would please come forward?

2 COMMISSION CHAIRPERSON SHAPIRO: Mr. Scurfield,
3 how are you?

4 MR. SCURFIELD: Fine, thank you.

5 COMMISSION CHAIRPERSON SHAPIRO: Mr. Feinberg, how
6 are you?

7 MR. FEINBERG: Just fine, thank you.

8 COMMISSION CHAIRPERSON SHAPIRO: Welcome back to
9 California.

10 MR. FEINBERG: Thank you very much.

11 COMMISSION CHAIRPERSON SHAPIRO: I have a few
12 questions. First of all, in the license application it says
13 here that the California Exposition and State Fair has
14 elected not to run a meet in 2007. That's not my
15 understanding. Am I wrong? When you say that, you're going
16 to run the dates for them, though, during that period;
17 correct?

18 MR. FEINBERG: We lease the facility and will run
19 the harness dates during the fair, yes.

20 COMMISSION CHAIRPERSON SHAPIRO: Okay.

21 COMMISSION VICE-CHAIRPERSON HARRIS: So there
22 won't be a fair meet at all?

23 COMMISSION CHAIRPERSON SHAPIRO: No, there will be
24 a harness fair meet.

25 MR. FEINBERG: It's a harness fair meet.

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1 COMMISSION CHAIRPERSON SHAPIRO: It's not a
2 thoroughbred meet.

3 MR. FEINBERG: Not a thoroughbred meet.

4 COMMISSION VICE-CHAIRPERSON HARRIS: No, but the
5 operator will be Cal-Expo versus Sacramento Harness during
6 that period?

7 MR. FEINBERG: No, no, we will operate.

8 COMMISSION CHAIRPERSON SHAPIRO: So it will be a
9 fair meeting operated by Sacramento Harness Association.

10 MR. SCURFIELD: Yeah, it will be under a lease
11 agreement, the same as we did last year.

12 COMMISSION CHAIRPERSON SHAPIRO: Or an operating
13 agreement with the fair.

14 MR. SCURFIELD: Right.

15 COMMISSION VICE-CHAIRPERSON HARRIS: Is there any
16 difference in license fees between the two types of meets?

17 MR. FEINBERG: Not that I know of, I think we're
18 under the same provisions.

19 COMMISSION CHAIRPERSON SHAPIRO: I also notice
20 that your average daily purse for this meet is projected to
21 be down, and can you explain why?

22 MR. FEINBERG: Sure. Before I arrived there was a
23 significant overpayment in the neighborhood of 1.3 to 1.4
24 million, and the -- a couple of months ago purses were cut
25 somewhat to try to make up some of that overpayment, which

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1 has been proceeding successfully. Currently, we're overpaid
2 a little over a million, so somewhere between 300 and 400
3 thousand has come down from the overpayment.

4 So we're -- we had to tighten our belt to try to
5 get our numbers in line. I would very much like to raise
6 purses back up if we can get the overpayment down a little
7 more.

8 COMMISSION VICE-CHAIRPERSON HARRIS: What is the -
9 - I noticed, I didn't quite figure out the schedule, it
10 looks like you're not running on Labor Day which,
11 historically, is one of the biggest days. Why is that?

12 MR. FEINBERG: That's a good question. We found
13 that Labor Day, although the bridge from the thoroughbreds
14 is important, is that because it is the end of the holiday
15 that pretty much the gambling money disappears about five
16 o'clock in the afternoon. And it's very difficult for us,
17 and so much of our business is off track, to race on a night
18 when we're not ordinarily open.

19 So it was a conscious decision not to race on the
20 Monday. We're basically a Wednesday through Saturday, you
21 can hang your hat on it, virtually 52 weeks a year.

22 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, it
23 looks like you don't race that Sunday, either, the Sunday or
24 Monday of that Labor Day.

25 MR. FEINBERG: We don't race Sundays, no. We're

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1 Wednesdays through Saturdays, those are the nights. And we
2 have a couple in September where we're off Wednesdays, just
3 because it's a slow time of the year for us. And there are
4 a couple of Thursdays off, one is the dark day between Del
5 Mar and Pomona. And the other, later in September, is a
6 Thursday we're taking off because we have to put the surface
7 back on the race track to winterize for the winter season.

8 COMMISSION CHAIRPERSON SHAPIRO: Mr. Scurfield,
9 first of all, I think you've done a really good job in
10 Sacramento Harness, and I want to compliment you, that I
11 know that you've worked very hard at it.

12 I also know that it's a very trying time for
13 harness racing in the State. As we are going through and
14 developing the new fair calendars, and the uncertainty with
15 racing venues for thoroughbreds, I know that that's
16 impacting the harness industry.

17 And I also know, because I've been in contact with
18 Ben Kenny, and Jim Perez, and others, that it's creating a
19 lot of uncertainty to be able to hold together the harness
20 industry in California, and it's something that I think we
21 need to address, so that the people that are up there can
22 have certainty that there's a home for harness racing, be it
23 at Cal-Expo, or Vallejo, or if there is another venue, I
24 don't know of it. But those are the two that I've heard
25 that are possible to keep harness racing in the State of

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1 California.

2 And so I think that my thought is that perhaps we
3 should have some meetings to try and solidify where harness
4 racing is going to go so that all of the people that are up
5 there, depending on it, can have a little more comfort.

6 MR. SCURFIELD: I think that's a very good idea
7 and we've talked about it already. You know, when we first
8 started, the industry was really in bad shape, and they were
9 having troubles and lawsuits, the operator, and your Board,
10 and others. And they had not done anything with the sire
11 stakes. So we had to put up all the money for the sire
12 stakes. And that is one of the reason, and the indifference
13 of what's going to happen to harness racing was what caused
14 the purse overpayments, and now we're trying to deal with
15 that.

16 But in addition to what you say, I think it's
17 very, very important because we, as a nonprofit, are only
18 interested in keeping that industry alive in California and
19 we don't care where it is. We have no pride of authorship
20 at all. And we would be -- in fact, I will promise you that
21 I'll take the lead in trying to get Santa Rosa -- I mean,
22 Vallejo, the Horsemen, Cal-Expo and ourselves together to
23 say let's give these people some assurance.

24 I think you're aware that up until about three
25 weeks ago we weren't sure about our third year at Cal-Expo,

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1 and it had been put off a couple of times. And then with
2 the generic problem of what's happening in the industry, and
3 your thoroughbred industry, also, with the slot machines and
4 the size purses people were ambivalent.

5 And then when they thought, gee, they might not
6 even race if they can't take care of this lease situation,
7 it started an additional outflow of horses.

8 And so we're working hard right now to get that
9 back, to maintain our purses, and try to at least generate
10 some gain on the purse pool and then maybe increase them
11 back a little. Because we did cut purses about six months
12 ago, something like that, we tried to tackle that.

13 COMMISSION CHAIRPERSON SHAPIRO: Well, I would
14 like to participate and invite any other Board members that
15 wish to participate, in having some type of roundtable
16 discussion as you talk about it. I did communicate with Ben
17 Kenny this morning and again yesterday, and he's probably
18 watching us in England, as we're speaking, so hi, Ben.

19 MR. SCURFIELD: We need Ben Kenny in California.

20 COMMISSION CHAIRPERSON SHAPIRO: He promised me
21 that he would come over for this meeting, if we scheduled
22 the meeting, and he said he'd get on the first plane to come
23 back. And I think it's something that needs to be addressed
24 because I do have concerns, and I think that we need to find
25 a way to try to help.

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1 Towards that, and I appreciate your explaining it,
2 the financials of what the burden you've been through, but
3 it was my understanding that there was to be a half-a-
4 million-dollar bond or letter of credit, and I don't see it
5 in your financials, that was going to be provided to us to
6 make sure that the financial obligations of Sacramento
7 Harness would be fulfilled.

8 Is there something I'm missing here?

9 MR. SCURFIELD: I would have to first find out
10 that when we did this last year was that returned to us, was
11 it?

12 COMMISSION CHAIRPERSON SHAPIRO: I don't know.
13 But I would ask the staff to work with you and get to that.
14 I've reviewed your financial statements and I don't think we
15 need to go into those in detail, other than I didn't
16 understand what a \$25,000 horse rental was and maybe you
17 could tell me after that meeting.

18 MR. SCURFIELD: I didn't think we had a horse that
19 would qualify for --

20 COMMISSION CHAIRPERSON SHAPIRO: Well, I didn't
21 think you did, either, but you have \$25,350 for a horse
22 rental, so I don't know what horse that --

23 MR. SCURFIELD: That might be the outrider or --

24 MR. FEINBERG: It could be. I'll certainly find
25 the answer and get it to you.

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1 COMMISSION CHAIRPERSON SHAPIRO: But we do need,
2 knowing that you're a nonprofit, and knowing the
3 obligations, there needs to be sufficient capital that's
4 available to the Board for any possible liabilities that
5 could be left behind. And, unfortunately, this Board has
6 had to deal with that in the past, as you well know. So I
7 would ask that you look into that.

8 The other thing, which you also touched on, was
9 the sire stakes. Do you know or does anybody know how many
10 Cal bred harness horses are in there in the State of
11 California at this point?

12 MR. FEINBERG: Two-year-olds or altogether?

13 COMMISSION CHAIRPERSON SHAPIRO: Cal bred. Well,
14 no, each year. Per year, how many foals are there?

15 MR. FEINBERG: You know, perhaps somebody in the
16 audience. Jim Perez might have a better idea, from the
17 Horsemen's Association.

18 MR. SCURFIELD: Well, Jim Perez is here, he's the
19 head of the Horsemen's Association.

20 MR. PEREZ: Jim Perez, CHHA. We probably foal
21 around -- I'll say around 250 this year we foaled in
22 California.

23 COMMISSION CHAIRPERSON SHAPIRO: Okay. Because,
24 you know, I see that there's \$800,000 allocated to the
25 California Sire Stakes program.

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1 MR. PEREZ: Correct.

2 COMMISSION CHAIRPERSON SHAPIRO: And I recall back
3 when, you know, 30 years ago, when this came into existence,
4 and I believe that there was a much more robust sire stakes,
5 a Cal bred harness sire stakes.

6 MR. PEREZ: Right. We had a different program
7 back then, we had the election for charity, we had breeder
8 championships, and so on, and now it's strictly just Cal
9 Sire Stakes.

10 COMMISSION CHAIRPERSON SHAPIRO: But what I'm
11 wondering is that if this isn't something that should be
12 revisited, and I don't have any preconceived ideas here, but
13 are the same people -- how many horses are there that are
14 competing for all of these different stakes?

15 MR. PEREZ: Well, we have four categories. We
16 have two trots, fillies and colts, and two paces, the same
17 thing, colts and fillies.

18 Roughly, this year, we had some full fields. The
19 last round, which was just over not too long ago, maybe a
20 month ago and, for example on the three-year-old pacers,
21 because the two-year-olds don't start until this summer, but
22 the three-year-olds we had approximately eight to ten, 11 at
23 one time, went for three sire stakes and a final, which is a
24 championship.

25 On the colt side there was less, there was, I

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1 believe, seven to eight. It varies. It all depends who
2 qualifies.

3 COMMISSION CHAIRPERSON SHAPIRO: Now, are the same
4 horses winning the races?

5 MR. PEREZ: No, actually, we had a -- we had, I
6 believe, in the filly division I think the same horse won
7 twice and then there was two different horses won. On the
8 colts there was three different winners. So it's being
9 spread around. The only one we have that's a dominant is in
10 the trotters, the three-year-old trotting colts. There's
11 one horse that's exceptional, he's probably the best trotter
12 that we've seen in California in a long time, and he does
13 dominate.

14 But otherwise our program is up tremendous from
15 the last -- from three years ago, two years ago the sire
16 stake is up tremendously.

17 COMMISSION CHAIRPERSON SHAPIRO: So there is
18 growth in these programs to stimulate breeding and so forth?

19 MR. PEREZ: Absolutely. From SHA helping, CHHA
20 helping, and our breeders helping, our program has gone up
21 tremendous. Not too long ago our purses were under 15,000
22 and now we're at 22,000.

23 COMMISSION CHAIRPERSON SHAPIRO: Right.

24 MR. PEREZ: And we're aware that it's important
25 for us to maintain our breeding program and to breed in

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1 California to get more horses. I mean, that's been a big
2 deal for us to try and accomplish.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay. Well,
4 again, I think that my concerns come from trying to
5 stimulate growth and stability in the harness industry in
6 California.

7 MR. PEREZ: Absolutely, and we're trying to do
8 that.

9 COMMISSION CHAIRPERSON SHAPIRO: And I'm concerned
10 that it's very tenuous. And I think that we should try to
11 look at it to help you, not to harm you in any way.

12 MR. SCURFIELD: We welcome that.

13 MR. PEREZ: Absolutely. I think once we get
14 stability and once we get a venue where we know we can call
15 home, I think the breeding program will just -- it will go
16 from there.

17 But without -- with the uncertainty we have in
18 going from year to year, how can you have someone breed in
19 California when you don't know where you're going to go?

20 COMMISSION CHAIRPERSON SHAPIRO: All right. Well,
21 thank you. I will try to set the meeting, perhaps with the
22 Cal-Expo people, Norm Bartosik, and perhaps Joe Barkett, and
23 yourselves, and see what we can brainstorm to try and help
24 the harness industry.

25 Does anybody have any other questions?

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1 COMMISSION VICE-CHAIRPERSON HARRIS: One issue
2 that I'm concerned about, when I -- first of all, I applaud
3 what you're doing up there, and the local involvements you
4 have, and the importance of harness racing in California, in
5 general.

6 But there are a lot of costs that CHRB accrues by
7 overseeing a meet. We have the stewards, and the State
8 veterinarian, and all the tests at the Maddy Lab, and
9 investigators, there's a lot of expenses. And I'm concerned
10 that the license fees are not even paying for the expenses
11 that CHRB has, and that's going to come up in another item.

12 But we need to have somebody look at what it
13 really costs, from a CHRB stand point, to put on a meet like
14 that and what kind of revenue are we getting back.

15 Now, it may be for a policy reason that to
16 preserve harness racing that we need to keep doing that, you
17 know, and have other ways to fund it. But I think we need
18 to quantify what those numbers are.

19 COMMISSION CHAIRPERSON SHAPIRO: I think that's an
20 excellent point, and it's really not just directed to you,
21 but it would pertain to Humboldt, or anybody else. And I
22 think within the past we have asked staff to look at doing a
23 cost analysis to see that we, as a Racing Board, aren't
24 losing money for additional days of racing that we allocate.

25 MR. SCURFIELD: You have another item on your

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1 agenda that deals somewhat with that and I know that we, as
2 a small operator, although we exceed our expectations and
3 improve our positions, we're still subject to what the total
4 industry does, harness, and thoroughbred, and mixed breed,
5 and so we've paid a pretty good share of money and we
6 consider that as a part of our license fee. Even though our
7 monthly license fee --

8 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, and
9 part of that is CHRB's costs at Cal-Expo are the same,
10 essentially, per day as they would be at Santa Anita or
11 someplace, and the revenue is a lot less. But maybe that's
12 okay because we've got to look at the total picture. But
13 maybe we just need to quantify what those numbers are.

14 MR. FEINBERG: There may be some economies simply
15 because we're a harness meet and are generally a lot less
16 labor intensive than a thoroughbred or mixed meet.

17 COMMISSION CHAIRPERSON SHAPIRO: Well, but there
18 really aren't that many. You know, we still have the same
19 number of stewards, and vets, and other things.

20 MR. FEINBERG: Well, it's not impossible that we
21 could get together with staff, they're right across the
22 street, and take a look at it and see if we can help you out
23 in that way.

24 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, maybe
25 there's some ways to economize. But I think it's pretty

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1 hard to cut because a lot of these things are things we do.

2 MR. SCURFIELD: It might be a part of our purse
3 overpayment.

4 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah.

5 COMMISSION CHAIRPERSON SHAPIRO: All right, if
6 there any --

7 EXECUTIVE DIRECTOR FERMIN: Yeah, I wanted to ask,
8 you have a very impressive chart because you work with the
9 police department, and I think we've talked about this --

10 COMMISSION CHAIRPERSON SHAPIRO: Are you talking
11 about the security?

12 EXECUTIVE DIRECTOR FERMIN: The security. We've
13 talked about this before, but I know that a lot of your
14 personnel are on the front side, and such, and I've heard
15 from both horsemen, as well as investigators, if there's a
16 way to kind of doing some reprogramming so that there's a
17 higher visibility back there, at least having a couple of
18 people making regular rounds so that we have --

19 MR. FEINBERG: Yeah, our stewards have raised some
20 of those issues with me and I have a meeting scheduled with
21 Cal-Expo and with the Cal-Expo security force, so that we
22 can go over procedures, both at Gate 12, where the horses
23 come in, the back side, and the front side. Being there,
24 again, on my return visit here, only three weeks, I have
25 some concerns and we're going to address those shortly.

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1 EXECUTIVE DIRECTOR FERMIN: Right. As well as the
2 admission for the gate because they're kind of --

3 MR. FEINBERG: Right.

4 EXECUTIVE DIRECTOR FERMIN: -- everybody through.
5 Okay, thank you.

6 COMMISSION CHAIRPERSON SHAPIRO: Okay, is there a
7 motion to approve this license application?

8 COMMISSIONER MOSS: Moved.

9 COMMISSION CHAIRPERSON SHAPIRO: It's moved.
10 Second?

11 DEPUTY ATTORNEY GENERAL KNIGHT: Commissioner?

12 COMMISSION CHAIRPERSON SHAPIRO: Yes?

13 DEPUTY ATTORNEY GENERAL KNIGHT: Did you want to
14 condition the bond as part of the motion?

15 COMMISSION CHAIRPERSON SHAPIRO: Yes, we would
16 like to condition, thank you, that the bond that was
17 originally required, which was a half a million dollars,
18 make sure that that is still deposited with or in favor of
19 the Board. Okay.

20 DEPUTY ATTORNEY GENERAL KNIGHT: I'm sorry, for
21 payment of obligations in connection with the operation of
22 the meet, though, that's the --

23 COMMISSION CHAIRPERSON SHAPIRO: Isn't that what I
24 said, Derry?

25 DEPUTY ATTORNEY GENERAL KNIGHT: Well, you said

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1 payable to the Board.

2 COMMISSION CHAIRPERSON SHAPIRO: That's what I
3 meant.

4 COMMISSION VICE-CHAIRPERSON HARRIS: You know
5 what, we have a financial -- the problem is the financial
6 statement isn't strong enough to --

7 COMMISSION CHAIRPERSON SHAPIRO: That's correct,
8 that's correct. Yes, I mean to say what Derry put in my
9 mouth. So, yes.

10 Okay, all in favor?

11 (Ayes.)

12 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

13 The next item on the agenda is an update by
14 representatives of Magna Entertainment Corporation
15 concerning the status of the redevelopment of the barn area
16 at the Santa Anita Race Track.

17 This matter has been a matter which the Board has
18 heard dating back to October of '06. We have again had
19 discussion about it in November of '06, in January of '07,
20 and May '07. And I'm very pleased to welcome Mr. Stronach,
21 Mr. Frank Stronach coming to our meeting.

22 As the Board will recall, at the last Board
23 meeting we received a letter that was read into the record
24 by Mr. DiMarco, that was written by Mr. Neuman, and
25 following the discussion and the conclusion of that, the

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1 Board asked for a representative of Magna to appear.

2 And I want to first thank you and very much
3 appreciate your coming to our Board meeting.

4 You also have provided us a statement, a written
5 statement, which I would like to read into the record, if
6 that's okay, and so that the audience could also hear it as
7 well, before we start on this matter.

8 Therefore, I am reading the statement of
9 Mr. Stronach.

10 "I appreciate the opportunity to be here
11 today before the California Horse Racing
12 Board to talk about two important
13 matters. The first matter is a question
14 of reputation which I am very concerned
15 about. I price myself on always being
16 one to keep my word. I can always make
17 money but it's very difficult to rebuild
18 a damaged reputation. Last month our
19 CEO, Michael Neuman, wrote a letter to
20 the City of Arcadia regarding the barn
21 area at Santa Anita. Unfortunately, the
22 letter contained a very poor choice of
23 words in stating that there were never
24 any plans to build barns at Santa Anita.
25 I did not see the language in Mr.

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1 Neuman's letter until after it was sent.
2 Had I seen the letter before it was
3 sent, I would have made clear that MEC
4 has always been committed to repairing,
5 renovating, and rebuilding the barns and
6 dorms at Santa Anita. Over the years,
7 many conceptual ideas have been
8 discussed both within MEC and with the
9 City of Arcadia. In fact, numerous
10 conceptual drawings have been generated
11 over the years. MEC remains committed
12 to repairing, renovating, and rebuilding
13 the barns and dorms at Santa Anita,
14 although there are not definitive
15 construction plans or drawings at this
16 time, detailing these renovations. We
17 all know it is very complex and
18 difficult to satisfy the legal,
19 historical and environmental issues
20 surrounding development at Santa Anita
21 and at present we do not have definitive
22 plans that could be submitted to the
23 City. In order to be able to formulate
24 such plans, I propose forming a small
25 committee composed of three horse

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1 owners, three trainers, and two people
2 from MEC's corporate office. The
3 committee would be chaired by Ron
4 Charles. This committee would
5 immediately hire a planning and
6 historical consultant to expedite the
7 approval process for synthetic racing
8 surfaces at Santa Anita and Golden Gate
9 Fields, and for rebuilding and repairing
10 of barns and dorms at Santa Anita. MEC
11 will allocate a total budget for these
12 projects of \$24 million. This committee
13 will prepare the definitive plans for
14 both the track resurfacing and the barns
15 and dorms, and then those definitive
16 plans will be presented to the City for
17 approval. Under the present
18 circumstances, the return on our
19 investment is very unsatisfactory. For
20 the record, we have invested close to
21 \$350 million in California and our
22 return is practically nil.
23 Nevertheless, the additional \$24 million
24 is a sign of goodwill towards the
25 thoroughbred horse racing industry in

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1 California. The second matter I want to
2 discuss is the importance of regulatory
3 reform. I am proposing that we create a
4 thoroughbred horse industry stakeholder
5 committee which will look at regulatory
6 reforms for the California horse racing
7 industry. We believe that the present
8 regulations are outdated and that left
9 unchanged the existing regulatory
10 framework will cause the California
11 horse racing industry to continue to
12 deteriorate. Even though MEC is a major
13 player in the race horse industry in
14 America, we do not seek to dominate
15 horse racing. We would like to ensure
16 the key stakeholders are represented and
17 have an important voice in this process.
18 I am convinced that together we can
19 create a viable future, but we need to
20 take action. I hope the CHRB would play
21 a major role in this exercise. I will
22 leave you with a booklet with some ideas
23 of what could be done to help our
24 industry prosper in the future. I
25 believe these proposals would lead to a

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1 viable horse industry business for the
2 long term and, thereby, I believe I
3 could convince my Board to commit our
4 California racing lands in perpetuity as
5 racetracks if we adopt the right
6 framework, but we must act now before it
7 is too late. Thank you, Chairman
8 Shapiro. I would be happy to answer any
9 questions."

10 And it's from Mr. Frank Stronach, who's with us.

11 Thank you, Mr. Stronach, and I appreciate that.

12 If I could just ask you a couple of pointed
13 questions, first. We have read and we have been told that
14 you intend to install a synthetic racing surface at Santa
15 Anita. Is that in fact that you are going to move forward
16 and install that track as soon as possible?

17 MR. STRONACH: We have committed the capital and
18 management has the full authority to go ahead as quickly as
19 possible to install the synthetic racing surface, not only
20 at Santa Anita, but also at Golden Gate.

21 COMMISSION CHAIRPERSON SHAPIRO: Thank you. And
22 therefore, assuming if they're moving as quickly as
23 possible, the goal would be to install this track prior to
24 the Oak Tree Meeting that is held in the fall, in October of
25 this year; is that correct?

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1 MR. STRONACH: Management assures you -- assures
2 me that they would be able to install the tracks for the
3 opening of the Oak Tree Meeting.

4 COMMISSION CHAIRPERSON SHAPIRO: Great, I want to
5 thank you for that. I'm glad to hear that you're complying
6 with the Board's mandate and that you are proceeding to do
7 that.

8 With respect to --

9 MR. STRONACH: Mr. Chairman, would I be allowed to
10 give a little background --

11 COMMISSION CHAIRPERSON SHAPIRO: Oh, absolutely.

12 MR. STRONACH: -- to MEC's involvement in
13 California.

14 COMMISSION CHAIRPERSON SHAPIRO: Sure.

15 MR. STRONACH: I had a great filly, she was
16 actually a champion, I sent out here in the mid-eighties,
17 and she won a few great ones here, and that was the first
18 time I was out here at Santa Anita. I fell in love with the
19 track. And, you know, I was dreaming and I said, gee, one
20 of those days maybe I could buy a track, could buy Santa
21 Anita, and that dream actually came true, you know, ten
22 years ago.

23 The first thing I did, you know, we developed
24 extensive plans for total rejuvenation from barns, to dorms,
25 to the grandstands and so on, right. It was very difficult,

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1 you know, very complex to get zonings, and what we were
2 allowed at that time was to do extensive modification to the
3 grandstand.

4 And as you all know, we spend about \$70 million to
5 demonstrate to the horse community out here, to the racing
6 community that we're serious. And I wanted to prevent that
7 Santa Anita ever be prevented from being a real estate play,
8 right. So, you know, as you know the apron, it was very
9 slippery, we had lots of injuries. There was really no
10 dining room, we put in a great dining room. But anyway,
11 about 70 million.

12 And as I stated in my statement, we spent about
13 \$350 million out here, you know, and we have practically no
14 return. So that is naturally, that's a concern for
15 everybody, right. And we do have a concern that the system
16 is broken.

17 And I'm not here to threaten, I'm not here to tell
18 you what to do and so on. I'm pleading with you, I'm
19 pleading with the horse community, we got to take a look, we
20 got to take a look what we can do that the horse industry
21 can be viable again.

22 And I think we left you with a small little
23 brochure, with a few footnotes, just as an indication just
24 to get the thinking generated. If you haven't got it right
25 now, we have extra copies here. Yes, we will.

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1 But it's very important, before it's too late, the
2 system -- it's not only broken in California, it's broken
3 pretty well in most states, right.

4 And we have some ideas. I think if those ideas
5 would be incorporated, I think we could create a win/win/win
6 situation, right. A win for the horse owners, a win for the
7 racetrack, a win for the people which work on the back side,
8 and a win for the State, because racing does employ a lot, a
9 lot of people, you know.

10 So I think it's very crucial that we sit down in a
11 constructive way, you know, not pointing the finger whose
12 fault it is, right, that we create, that we come up with
13 solutions so it's viable.

14 But as a goodwill, as a goodwill sign, I have
15 allocated another \$24 million. And yes, I was very upset
16 when our CEO wrote that letter, you know, saying there were
17 no plans, there were no -- you know, in regards to stables
18 and so on. We have so many plans, and some of those plans
19 also might be at city hall, right, because it's -- I'm very
20 unhappy with the conditions on the back side, you know.

21 So there's a -- you know, there was a request for
22 new barns, et cetera, et cetera. So we have -- I came out
23 yesterday and told our president out here, you know, Ron
24 Charles, and said, look, get horsemen together, I'd like to
25 talk with them. Because basically I said to the horsemen,

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1 look, I make available \$24 million, but you know better than
2 we what are your priorities, right. And I said, look, you
3 form a committee right away, and that committee, and we are
4 minor -- you know, we only have -- of the committee of six,
5 we only have -- of the committee of eight, we only have two
6 representatives.

7 And I said, look, hire a consultant right away
8 which reasonably knows the planning processes, environmental
9 and so on, because it's very, very complex. But I just
10 wanted to just demonstrate to the horse community that we
11 are not dragging. We're not -- you know, we want to do
12 things, right. So by this committee they could engage
13 whoever they want to engage to make sure that we get
14 results.

15 But it is complex, there are legal issues, there
16 are environmental issues, there are historical issues,
17 there's upgrade fault issues, it's very, very complex.

18 So we want to work together. We see, you know,
19 racetracks wouldn't be any good if you got no horse owners,
20 right. Vice-versa, too. To own a race horse, if there's no
21 racetracks, that wouldn't be any good, right. So we are in
22 it together. If we like it or not, we are partners.

23 COMMISSION CHAIRPERSON SHAPIRO: So can I ask you
24 then, going back to the barns, if I could ask you a few kind
25 of pointed questions, because the Board has looked and is

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1 concerned about the current condition of the barn area at
2 Santa Anita, which we discussed.

3 And so one of the things that, just kind of
4 looking at some of the issues that have come to the table,
5 is there has been a rodent problem at Santa Anita for -- and
6 I don't know that you're the right person to address this
7 issue. You may want to have Ron Charles or --

8 MR. STRONACH: I made it a point to -- I spent,
9 you know, quite some time, and I made it a point to know
10 what the issues is. Management tells me they'd be able to
11 get rid of the rodents -- I mean, barns are usually, as well
12 as horses, they do attract rodents. That isn't a -- the
13 question is to what extent.

14 But they tell me, for the safety of everyone, when
15 the horses move out because of the installation of the
16 synthetic track, they'd be able to handle that, right, and
17 that should be very shortly, you know. Because I think they
18 start moving in with the equipment on July the 5th, and to
19 put in the synthetic surface. That means we have empty
20 barns there and then we'd be able to get not only rid of the
21 rodent problems, but also we would have an extensive repair,
22 and improvement, you know, to the present barn areas.

23 But again, it's sometimes like when you sit in the
24 head office, you cannot say let's invent something, it's got
25 to come from the bottom up. And when you say you have

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1 partners, you know, that's the horsemen. You've also got to
2 give them that they can participate in the decision making,
3 you know. And I trust, again, other things, too.

4 But we also, in the booklet, I think it is very
5 important that we have a horse racing charter of rights.
6 Because we, at the moment, we own about one-third of all the
7 horse racing or the gaming in the America, and so we want to
8 demonstrate we do not want to dominate this industry. And
9 thereby, we would like to set up a horse racing charter, you
10 know, whereby great considerations are given to the owners,
11 you know, to the back stretch, to the exercise riders, and
12 so on. And I hope those horse racing charters would be
13 adopted.

14 And when you say it, the charter means that the
15 stakeholders have certain rights. You know, where actually
16 there's rights, there's also obligation.

17 But if we are to get in this boat, we must work it
18 out. Because if you can't, okay, racing will not survive.
19 Racing will deteriorate. I would like to do everything
20 possible within my power to participate, and I believe it's
21 possible if you sit down that we could have a viable
22 industry, right.

23 And I'm also, if you come up with the right
24 framework, I know, I'm the founder of MEC, I'm the
25 controlling shareholder, I know I could convince my board

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1 that Golden Gate and Santa Anita would be -- would be
2 designated to be racetracks in perpetuity. And that's a
3 very important statement because --

4 COMMISSION CHAIRPERSON SHAPIRO: Well,
5 that's --

6 MR. STRONACH: I want to make one more point. I
7 think racing -- yes, the fairs, it's great to have that, and
8 God bless them, and we would not be against that. We are
9 not against anybody, let everybody be. Let people, if they
10 run a better show, they will attract customers. Let us be
11 open, when we think we get the most customers, et cetera, et
12 cetera.

13 But if we lose the urban racing centers, you know,
14 because they would attract a lot of people, racing would be
15 hurt.

16 So again, I'm pleading with you, we must sit down,
17 we've got to come up with a framework whereby we can
18 maintain those racetracks, right, in the cities, in
19 perpetuity. So anyway.

20 COMMISSION CHAIRPERSON SHAPIRO: I think we all
21 very much appreciate those comments and I think that
22 everybody in this room, I would assume, would echo agreement
23 with most of what you've said, and that we're all trying and
24 struggling to find a way to make racing viable and prosper.
25 And, of course, I think it's reassuring to hear that you'd

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1 be willing to keep both Golden Gate and Santa Anita as
2 racetracks in perpetuity, and I think that's wonderful.

3 But I, again, would like to bring back to -- this
4 item on our agenda has been to deal with some of the
5 specific maintenance deficiencies and problems at the barns.
6 And I think, I'm assuming that the Board would probably like
7 to hear what the program is to try and move forward to
8 immediately address those issues in terms of what the scope
9 of work will be, and so forth.

10 MR. STRONACH: Again, let me point out, the last
11 time we have allocated \$50 million to do certain things,
12 right. And, again, I believe it's best left in the hands,
13 with the people which work there on a daily basis involved,
14 namely the horsemen and the trainers.

15 So I gave them \$24 million -- I committed \$24
16 million and say, look, make sure you get the race -- get the
17 synthetic surfaces done because I hear over and over from
18 the horsemen that's their greatest concern.

19 And then I said, also make sure, you know, fix up,
20 or repair, or make things so it has a reasonable standard.

21 COMMISSION CHAIRPERSON SHAPIRO: So if I
22 understand what you're saying, assuming that the two tracks
23 would cost \$16 million, there would be \$8 million left over
24 to immediately go in, and through a committee of owners,
25 trainers, of which two of your representatives would

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1 participate, you would agree with what that committee's
2 recommendations are to go through and fix up the barn area;
3 is that correct?

4 MR. STRONACH: That committee's got the majority
5 and they have to mandate, to sort out whatever has to be
6 sorted out. But in the long run, in the long run it needs
7 complete updating. But that is another -- again, there are
8 legal issues. There are so many, it's very complex.

9 COMMISSION CHAIRPERSON SHAPIRO: I think most of
10 us understand that.

11 MR. STRONACH: Yes. But in the meantime, we want
12 to run as good a show as possible, okay. So, again, you got
13 to appreciate I've put in \$350 million, absolutely nil
14 return. And if we leave it the way it is, it won't work,
15 racing will go down. But again, I'm pleading with you. I'm
16 not threatening. We have to sit down, we got to come up
17 with a framework that it makes some economic sense.

18 It's also go to be understood, as a owner, if
19 you've got a hundred horses, if you want to only lose half
20 of the money, all you have to do is get it back to 50
21 horses. If you've got 50 horses, if you want to lose half
22 of that, you go down to 25 horses.

23 But we, as a racetrack, we can't put the racetrack
24 up in bits and pieces, it's very expensive. And there's
25 great -- things spring up all over the map, offices with a

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1 few computers, and they want to take the green.

2 We are together in this. We cannot -- racetracks,
3 to us, would be no good if there isn't horse owners, and
4 vice-versa, too. So that's why it's important that we have
5 a racing charter of rights. That's why it's important that
6 we sit down, in a constructive way, and come up with a
7 framework.

8 And we would be as ready to go as quickly. Time
9 is running out. I'm pleading, it's very important that we
10 do that for the sake of the horse industry.

11 COMMISSION CHAIRPERSON SHAPIRO: Any other
12 Commissioners have any questions?

13 Yes, Commissioner Choper?

14 COMMISSIONER CHOPER: I'm sorry, I thought, in
15 response to the Chairman's last question about the barns,
16 that you said on -- maybe I'm wrong, I just wanted to see if
17 I clearly understood it, that after the 4th of July you're
18 going to begin, you plan to begin installation of the
19 synthetic track.

20 MR. STRONACH: That's correct.

21 COMMISSIONER CHOPER: And in combination with
22 that, you would do some refurbishing. Maybe not the total
23 job that you think ought to be done, but some improvement in
24 the barn area beginning at that time. Is that right?

25 MR. STRONACH: I spoke with the management

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1 yesterday, I went back to the barn area, and so on, and
2 because I -- you know, over the years I've built many barns.
3 When I was small, I built that myself, so I'm fairly good at
4 ideas.

5 So I got with management and I said, look, if you
6 do such and such a thing, I think we would have some pretty
7 presentable barns. And management told me they start
8 already this morning.

9 COMMISSION CHAIRPERSON SHAPIRO: Okay.

10 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, I think
11 the main thing, and I really appreciate your being here, and
12 appreciate all that you've done to put money into California
13 racing, but we just need some certainty that things are
14 going to happen, and that was part of the issue with Mr.
15 Neuman's letter, it seemed to change things around, and
16 different representations that were made, that were no
17 longer being made. But I think as long as -- we just need
18 to know if -- if something's not going to happen, we'd
19 rather know about it than say, oh, it's going to happen and
20 then it couldn't happen because of this or that. But we
21 need to be part of the planning, not on a micromanaging
22 level, but know if you're going to have environmental
23 problems, or problems in getting the synthetic track, or
24 different things like that, that that's thought out. That
25 we know for sure when things are going to happen on a date

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1 certain.

2 MR. STRONACH: So John, that's why I'm out here
3 because my reputation and Ron Charles' reputation, we are
4 wired that letter, which was really unfortunate. And I
5 don't want to go into why that came about and why, but he
6 was very much reprimanded and that's why I came out, to
7 straighten out the record.

8 We are committed, we want to work together with
9 you. We see the horse owners our partners, but we also must
10 not forget the people in the back stretch, okay.

11 And again, I'm pleading, we've got to sit down, we
12 got to look at the system, what do we got to do to fix it.

13 COMMISSION CHAIRPERSON SHAPIRO: Are there any
14 other comments from the Board?

15 There not being any, thank you, Mr. Stronach.

16 MR. STRONACH: Okay, thank you.

17 COMMISSION CHAIRPERSON SHAPIRO: Thank you. What
18 I would like to suggest is that we, the Board be kept
19 apprised of the formation of the committee, and I think what
20 we should ask for is some continuing follow up with staff
21 and also, perhaps, some updates so that we can understand
22 what work is in fact taking place and when it is taking
23 place, and the extent of it, and I think it's important.

24 Again, and I'm most pleased to hear that you had a
25 good meeting with the trainers. I did speak with Ed Halpern

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1 this morning and he confirmed that as well. So I appreciate
2 that.

3 EXECUTIVE DIRECTOR FERMIN: Is there any kind of a
4 timeline, just for first, when the committee would be made
5 up, Mr. Charles, just so we can see when we're checking in
6 with you, or I think it's an easier way to keep things
7 moving?

8 MR. CHARLES: Ron Charles, MEC. Yes, I think we
9 would be able to get you the names of the committee members,
10 hopefully, within the next week. And we can give you
11 updates, if you'd like, on an every-other-week basis.

12 COMMISSION VICE-CHAIRPERSON HARRIS: Do you see
13 any problem on the synthetic track which is, you know, of
14 prime importance, of any permit issues there, or an
15 acquisition issues on material, or anything like that, that
16 could hamper that?

17 MR. CHARLES: Right now we don't see any problems.
18 There's always the concern that something could pop up at
19 the last second. Right now everything looks to go and we
20 plan to begin July 5th.

21 We've worked it out with the trainers. Del Mar
22 will be opening early and we'll have a chance to begin
23 excavation on July 5th.

24 COMMISSION VICE-CHAIRPERSON HARRIS: Because I
25 recall when Hollywood Park put theirs in last fall, they had

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1 some problems just getting some things, because the stuff --
2 because I guess it comes from England or someplace. Is it
3 on the way?

4 MR. CHARLES: No, it is on its way and everything
5 is on schedule right now.

6 COMMISSION CHAIRPERSON SHAPIRO: Okay.

7 COMMISSIONER MOSS: Is there any word about Golden
8 Gate, when that might get started?

9 MR. CHARLES: Yes, we're going to have a report on
10 that in just a few minutes.

11 COMMISSION CHAIRPERSON SHAPIRO: I think that will
12 come up on another agenda item and we will discuss that, in
13 fact.

14 Okay, I will now ask for public comment. Candy
15 Young.

16 MS. YOUNG: Hi, Candy Young, I'm an owner. I've
17 been outed of Hollywood Park over to Santa Anita, it's my
18 first --

19 COMMISSION CHAIRPERSON SHAPIRO: Excuse me, what
20 did you say?

21 MS. YOUNG: I've booted Hollywood Park and made to
22 go to Santa Anita.

23 COMMISSION VICE-CHAIRPERSON HARRIS: Didn't get
24 stalls at Hollywood Park.

25 COMMISSION CHAIRPERSON SHAPIRO: Oh.

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1 MS. YOUNG: Yeah. I was told that Santa Anita was
2 an awful place. Well, it's not all that bad. As far as the
3 rats go, all you've got to do when you see a rat is call up
4 and they'll have a pest control come out. I did that and
5 the next day they caught the rats. So as far as the rats
6 go, if people call people up and get the work done, I see
7 that Mr. Stronach is more than willing to do whatever you
8 want.

9 As far as the barns go, they're not the best,
10 they're not the worse. Shed rows are fabulous.

11 Let's see, they started working on the barns maybe
12 four days ago, don't quite agree with the doing it during
13 training hours, but that needs to be taken up at the stable
14 office.

15 So the barns, the wash racks are being taken care
16 of.

17 The pigeons, maybe if we could get people to quit
18 feeding the pigeons, we could get rid of the pigeons.
19 Because we have traps out there, there's a trap place you
20 can call, they'll come out and trap the birds. But if you
21 scare them away or you do something to them, then you have
22 people calling the Health Department because it's cruelty to
23 animals.

24 So as far as I can see, I can see nothing wrong
25 with Santa Anita because I see Mr. Stronach trying to do

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1 everything he can.

2 Mr. Stronach, if you want to talk to me later and
3 maybe see some of the other problems you have over there, to
4 better it, since nobody else wants to listen to me, I'm more
5 than happy to do that.

6 COMMISSION CHAIRPERSON SHAPIRO: Thank you. Thank
7 you very much, appreciate it.

8 Jerry Jamgotchian. Before you get started, a
9 couple things, a couple things.

10 (Laughter.)

11 COMMISSION CHAIRPERSON SHAPIRO: First of all,
12 last Wednesday or last Thursday you were dressed up in a
13 nice suit and tie. What happened, I thought we'd get that
14 today, Jerry?

15 MR. JAMGOTCHIAN: You know, I'm here to address
16 this issue, Mr. Shapiro.

17 COMMISSION CHAIRPERSON SHAPIRO: Okay, five
18 minutes, go ahead.

19 MR. JAMGOTCHIAN: Do you have a timer, by the way?

20 COMMISSION CHAIRPERSON SHAPIRO: I have a watch.
21 Go ahead, Jerry.

22 MR. JAMGOTCHIAN: Jerry Jamgotchian, Mr. Chairman,
23 members of the Board. As the owner of 159 horses, I'd
24 certainly agree with nearly everything that Mr. Stronach's
25 saying, but I'm not up here pleading with you.

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1 Mr. Stronach, in his investment, his significant
2 investment in horse racing is certainly in jeopardy. When
3 he uses comments like "the system is broken, racing will not
4 survive, racing will go down," he already sees it. I've
5 seen it for the last three years. There's no change, really
6 very little chance I see for California horse racing, with
7 the composition of this conflicted Board, and the leadership
8 of Ms. Fermin.

9 But, you know, when I sit back here as a
10 businessman, and I hear Mr. Stronach talk about his \$24
11 million, as a businessman the first thing out of my
12 mind -- the first thing in my mind triggers that, well, if
13 you, the Board, really want this done, why don't you request
14 the bond for Santa Anita for \$24 million, if that's what
15 it's going to cost. If you were economically prudent, you'd
16 do that. But since you're conflicted, you won't.

17 Additionally, the fact that developers do
18 drawings, I mean, I've done drawings for countless projects
19 that have never been built. And I hope that Mr. Stronach
20 will build these barns and improve the racetrack. But if I
21 was in his position, I'd be up here saying the same thing,
22 let's form a committee, let's see what we can do to work
23 together to try to structurally fix horse racing. Which in
24 this case, Mr. Stronach, is not fixable under its current
25 condition.

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1 How can you expect this gentleman to continue to
2 authorize expenditures for California horse racing when this
3 sport is declining in a downward spiral, with no opportunity
4 to improve.

5 Additionally, the historic exemption that he
6 discussed, obviously, that's a problem. But if you have a
7 bond up there, there's going to be motivation to get
8 something down. There's no motivation. The only motivation
9 by this Board and you, Mr. Shapiro, is that when Golden
10 Gate -- or excuse me, when Bay Meadows doesn't put in a poly
11 track or, excuse me, a synthetic track, that you pull their
12 dates. And it seems to me that that's not really far.

13 COMMISSION CHAIRPERSON SHAPIRO: Okay, Mr.
14 Jamgotchian --

15 MR. JAMGOTCHIAN: Excuse me. No, no, no, wait.

16 COMMISSION CHAIRPERSON SHAPIRO: No, no, Mr.
17 Jamgotchian, we're talking about the barn issue. Please
18 read the agenda item, okay.

19 MR. JAMGOTCHIAN: I'll focus on --

20 COMMISSION CHAIRPERSON SHAPIRO: We're talking
21 about the status of redevelopment of the barn area at Santa
22 Anita Park.

23 COMMISSION VICE-CHAIRPERSON HARRIS: We're going
24 to go into those other areas and come back.

25 COMMISSION CHAIRPERSON SHAPIRO: Now, we'll go

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1 into those, so please stay to the point.

2 MR. JAMGOTCHIAN: Fine. All right, we'll get back
3 to that, I'm sorry.

4 So Mr. Stronach is here, allegedly going to put in
5 \$24 million into this area to fix up the barns, which are
6 much needed. But he's still got to go back and get more
7 approval.

8 So what do you have? You have a gentleman who's
9 doing drawings, who wants to set up a committee, who says
10 the system is broken and racing will not survive and it's
11 going to go down. And nobody in this room disagrees with
12 that, but this Board refuses to look at the business side of
13 this and request a barn.

14 And also timing. How is it that this Board can
15 sit here and go years, and years, and years without doing
16 anything with regards to the health and safety at the back
17 stretch at Santa Anita, yet ignore something that I'm
18 bringing up now with the bond. Why don't you ask Mr.
19 Stronach if he's willing to put up a bond?

20 I think if you were an effective Chairman and the
21 Board was effective, they would request a bond. Or, excuse
22 me, require a bond. Because, really, Santa Anita is going
23 to be a real estate plate as soon as Magna's lost enough
24 money. Now, I don't know how much more they want to lose.
25 As a horse owner, I obviously know how difficult it is to

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1 survive in California.

2 But if Mr. Stronach is going to set up a
3 regulatory reform board, Mr. Stronach, you can count me in,
4 because my interest is to improve horse racing. But I got
5 to tell you, with the current structure in this State, with
6 the conflicted Board, you're going to see the system
7 continue to break down, you're going to see racing not
8 surviving and, more importantly, you were right, racing will
9 go down. Thank you.

10 COMMISSION CHAIRPERSON SHAPIRO: Okay.

11 COMMISSION VICE-CHAIRPERSON HARRIS: I might
12 mention, in somewhat of a clarification, racing is not in a
13 downward spiral in this State. Southern California, at
14 Santa Anita was up. Hollywood Park is up about ten percent.
15 So there's a lot of doom and gloom sayers around that are
16 really not looking at the figures. I think all of us would
17 like to do better, but let's not make it worse.

18 And as far as the barn area, every track that
19 races is inspected by the CHRB, there is pretty extensive
20 inspections. Now, if people don't like that inspection or
21 think it should be different, they can do something about
22 it. But there are current oversight.

23 COMMISSION CHAIRPERSON SHAPIRO: Okay. We'll move
24 on to the next agenda item. Do we need a break? Does
25 anybody need a break?

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1 Okay, then we'll keep going. We'll go to Item
2 Number 6, which is a public hearing by the Board on the
3 proposed amended of CHRB Rule 1690.1, toe grabs prohibited,
4 to prohibit the use of toe grabs greater than 4 millimeters
5 on the front shoes of quarter horses while racing.

6 Jackie?

7 MS. WAGNER: The proposal before you is an
8 amendment to Rule 1690.1, which the Board adopted back in
9 February of 2006. The current rule prohibits the use of toe
10 grabs over 4 millimeters in height on the front shoes of
11 thoroughbreds while racing.

12 At the Board's February 2007 regular Board meeting
13 it was determined that quarter horses should be added to the
14 provisions of Rule 1690.1.

15 A little bit of history on this particular rule,
16 the rule was promulgated after several studies were done by
17 the University of California, the Veterinary Diagnostic
18 Laboratory system at UC Davis. They conducted a number of
19 studies on the shoeing and catastrophic injury in horses,
20 particularly thoroughbreds were used for these studies.

21 The conclusion was that there appeared to be an
22 association between toe grabs and the increased risk of
23 catastrophic injuries in thoroughbred racing.

24 At the February meeting in 2007, the Board
25 determined that we would make a proposal that will, in

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1 addition to prohibiting the use of toe grabs on
2 thoroughbreds, the prohibition of the 4 millimeter toe grabs
3 be also on quarter horse races.

4 We have put this out for 45-day comments. We have
5 received not comments on the proposal, and the Board --
6 staff would recommend that the Board adopt the rule to
7 include quarter horses, as well.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay. As I
9 recall, I would like to add that I believe that we've heard
10 previously from Dr. Ed Allred, the owner of Los Alamitos. I
11 don't know if he's in the audience or a representative is,
12 but they in fact supported this suggested rule change.

13 I would ask staff in the future to please provide
14 us with some of those reports and information. I don't feel
15 that Commissioner Choper has seen that information and I
16 think that it would be helpful to him to understand this.
17 And when there are issues, prior to somebody joining the
18 Board, that comes back, that I think that needs to be
19 included in the package so that they can have some
20 background on it. So I apologize to Commissioner Choper
21 that I think that he's going to have to hear this issue
22 somewhat in a vacuum.

23 Notwithstanding, I believe that we have adopted
24 this rule for thoroughbreds, and given that there's no
25 opposition from anybody, that's been voiced, including Dr.

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1 Allred, who's a prominent quarter horse owner, and operates
2 the track, I, personally, would advocate that we move
3 forward.

4 Does anybody else -- perhaps, Commissioner
5 Andreini, you're the --

6 COMMISSION VICE-CHAIRPERSON HARRIS: There's
7 somebody back there.

8 COMMISSION CHAIRPERSON SHAPIRO: Is there
9 any -- okay.

10 COMMISSION VICE-CHAIRPERSON HARRIS: I think one
11 of the things that we should try to do is make sure that
12 people are aware of it. I'm personally very strongly in
13 favor of the prohibition, but we need to make sure that
14 people out there do understand it. But hopefully they do.
15 But is there comments?

16 COMMISSION CHAIRPERSON SHAPIRO: Yes, there is,
17 I'm sorry.

18 COMMISSION VICE-CHAIRPERSON HARRIS: Somebody from
19 the audience.

20 COMMISSION CHAIRPERSON SHAPIRO: But first, if
21 there's no comment from the Board, then there is one comment
22 card from Paul Jones, who's a trainer.

23 Mr. Jones?

24 MR. JONES: Hi, I'm Paul Jones, I'm a prominent
25 quarter horse trainer.

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1 COMMISSION CHAIRPERSON SHAPIRO: Didn't you win
2 the American Futurity this last year?

3 MR. JONES: Yes, I won the All American Futurity
4 last year, and the year before, and --

5 COMMISSION CHAIRPERSON SHAPIRO: Congratulations.
6 All right, you don't have to brag about it, now, come on.

7 (Laughter.)

8 COMMISSION VICE-CHAIRPERSON HARRIS: See if we can
9 get his card.

10 COMMISSION CHAIRPERSON SHAPIRO: Are you any good
11 with thoroughbreds?

12 MR. JONES: I've started more quarter horses in
13 the nation than any trainer in the last ten years. Every
14 year I've started more horses in California than any other
15 quarter horse trainer. And I do run all of my horses with
16 toe grabs.

17 And I'm aware that the University of Davis has not
18 made any study on quarter horses, but the study was done on
19 thoroughbreds.

20 I, basically, from a day-to-day basis, have
21 conducted my own study because I'm running horses on a day-
22 to-day basis with toe grabs.

23 COMMISSION VICE-CHAIRPERSON HARRIS: Pardon me,
24 how do you define toe grabs, though, what length toe grabs
25 are you referring to?

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1 MR. JONES: Well, basically, you know, there's
2 different types of shoes. There's the Queen's plate,
3 basically with no toe grab, there's what we call a low toe,
4 and there's what they call a quarter horse high toe. And
5 then there's back shoes, which most people run with a larger
6 toe grab. I've personally used what's called the low toe,
7 which is probably a little greater than what you're trying
8 to --

9 COMMISSION VICE-CHAIRPERSON HARRIS: No, I think
10 the low toe will fit our criteria, as I understand it.

11 MR. JONES: Well, I don't think it is. I think
12 it's actually a little bigger than what you're considering
13 your low toe. I'm sorry, it's considered a regular toe.

14 So anyways, I run all my horses with a regular toe
15 and a high toe grab in the back. And I've had very little
16 catastrophic injuries in the last ten years, running all my
17 horses with these shoes. I see on a day-to-day basis how
18 the horses come back after the race and how they perform.

19 And I think it's very crucial to a quarter horse
20 to get traction out of the gates. When the horses slip and
21 slide, and they're not getting a hold of the ground, I think
22 there's probably more injuries. I think it's a whole
23 different ballgame with quarter horses than it is with
24 thoroughbreds.

25 I just wanted to come up and express my opinion,

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1 from a quarter horse trainer, because I see that we don't
2 get a lot of people coming up and representing the quarter
3 horse world, and I think it's a little different situation
4 than what you're dealing with, with the thoroughbreds.

5 COMMISSION VICE-CHAIRPERSON HARRIS: Because I
6 always understood that it -- I mean, it's too unfortunate
7 that we didn't get more comments. Because do you train for
8 Scoop Vessels?

9 MR. JONES: I do.

10 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, because
11 he was one of the ones that thought that it was a good idea
12 to do the prohibition. But maybe he wasn't -- I think maybe
13 part of the confusion is what really constitutes a high toe,
14 versus low toe, versus regular toe and all that.

15 MR. JONES: Yeah, and I know Scoop is against it
16 because he's going on what he reads about this particular
17 study. But, you know, Scoop is a horse owner and he's not
18 there on a day-to-day basis to see what goes on, on a daily
19 basis at the racetrack, which I am. And I believe that toe
20 grabs are crucial for quarter horses.

21 And I also think if a trainer believes that
22 they're not good for his horse, well, he has the option not
23 to use them.

24 EXECUTIVE DIRECTOR FERMIN: Have you talked to
25 other quarter horse trainers, also, prior to coming here

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1 or --

2 MR. JONES: Yes, actually, I talked to Jaime Gomez
3 this morning. I tried to get a few of them to come with me,
4 everybody is too busy. And a big problem with a lot of
5 quarter horse trainers is they don't want to get involved,
6 everybody's busy, they're doing their own thing. And I
7 wasn't really aware of this meeting until a couple of days
8 ago so I didn't have a lot of time to prepare, you know, any
9 kind of a group of people to come in.

10 But I know that more quarter horse people run toe
11 grabs than they do not. And not particularly just in
12 California, but in all the states.

13 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, I think
14 the concept is that the long toe might have some
15 advantageous benefit, have some benefit to horses, but it
16 might hurt the -- it's a benefit to performance, but it
17 might hurt the soundness of the horse, and so there's an
18 incentive to have the long toe. So if you don't have the
19 long toe, you might be at a disadvantage. So it's kind of a
20 level playing field type thing.

21 But I'm not sure if nobody had long toes it would
22 be -- it would be a level playing field. But perhaps, if we
23 haven't gotten enough comment from the quarter horse people,
24 we need to make sure that they have the ability to comment,
25 we can put this over for a while and get some more in, if

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1 you want.

2 COMMISSION CHAIRPERSON SHAPIRO: Well, you know,
3 I'm fine with that. I'm fine with that. I don't want to
4 see --

5 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, I don't
6 think we want too much, but I just want to make sure that
7 we've got a cross-section of comments coming in on it.

8 MR. PEREZ: Hello, Commissioners, I'm Dino Perez,
9 with Pacific Coast Quarter Horse Racing Association. And we
10 did poll -- we polled a lot of trainers and breeders, and we
11 had no opposition, except for Mr. Jones here, and we respect
12 his opinion.

13 But in our findings, we found nobody who proposed
14 it, and during the 45-day comment period we received no
15 feedback, no negative feedback whatsoever.

16 COMMISSION CHAIRPERSON SHAPIRO: So is your
17 organization advocating it or are you -- where are you?

18 MR. PEREZ: We've had no opposition, other than
19 Mr. Jones, so that --

20 COMMISSION CHAIRPERSON SHAPIRO: Yeah, but did
21 your board take a vote on what their position would be, to
22 either advocate adoption of this rule, which prohibit it, or
23 did they -- was it just discussion?

24 MR. PEREZ: It was just discussion. We tried to
25 get as much feedback as we could and, like I said, other

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1 than Mr. Jones everybody was okay with it.

2 MR. JONES: I, personally, spoke to a lot of
3 trainers and that's not true.

4 COMMISSION CHAIRPERSON SHAPIRO: Okay. Well, what
5 I would suggest is I would -- unless the Board has a problem
6 with it, I would suggest that we push this over for 30 days
7 and see if we couldn't get more input from the quarter horse
8 industry. It is disappointing that we haven't gotten more
9 input, even if that's letters advocating that they support
10 it.

11 You know, it's difficult for us to sit up here and
12 we have no comment, and then at the end we get comments, and
13 we don't want to pass rules that are not in the best
14 interest of the industry, the horse, or anybody, and maybe
15 no comment is a comment in itself.

16 But I would suggest that we put this over.

17 COMMISSION VICE-CHAIRPERSON HARRIS: If we do
18 that, though --

19 COMMISSIONER ANDREINI: You know, I spoke
20 to -- when this issue first came up I spoke to Ed Allred,
21 not at length, because you can never have a long
22 conversation with Ed, but he had no objection whatsoever.
23 And because he didn't have one, then I couldn't find any
24 reason to contest the issue.

25 And that's the first I have heard you mention

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1 that, Paul, I think. Have you ever mentioned that to me?

2 MR. JONES: I think we've spoke about it before.

3 COMMISSIONER ANDREINI: I'm sorry, I didn't
4 remember that.

5 COMMISSION VICE-CHAIRPERSON HARRIS: If we're
6 going to delay, I don't think we should delay too long. But
7 at the next meeting that if we could have the people
8 concerned about it, one way or the other, review the
9 research. I realize that not all the research was done on
10 quarter horses, but at least understand what the logic was.

11 Have you read the research paper by Sue Stover?

12 MR. JONES: I looked into the research. And I
13 would be more than happy to let anybody come into my barn
14 and do a study and watch my horses, how they come back and
15 how they race.

16 Like I said, I run six, seven hundred horses a
17 year in the State of California, and I run them all with toe
18 grabs. And you can check the records, I mean, I haven't had
19 very many catastrophic injuries. So I've been doing this a
20 long time and I see how the horses come back.

21 Naturally, if I felt this was detrimental to the
22 safety of my horse or my rider, or anything else, I would be
23 all for taking it off and then it would be an even playing
24 field.

25 But I feel that it's more detrimental for the

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1 slipping and sliding and the horse's not getting the
2 traction away from the gates.

3 COMMISSION CHAIRPERSON SHAPIRO: Has staff talked
4 to the horseshoe inspectors at Los Alamitos, to get an idea
5 of how many horses are, in fact, running with these toe
6 grabs?

7 EXECUTIVE DIRECTOR FERMIN: We haven't. And I was
8 just wondering if whether Dr. Arthur would maybe be
9 interested in doing some kind of a presentation for the
10 quarter horse people, sometime during the next month. Would
11 that be a suggestion, to explain to them exactly what it's
12 about, since we haven't had the input?

13 EQUINE MEDICAL DIRECTOR ARTHUR: Well, this is Dr.
14 Arthur, Equine Medical Director. We can certainly do that.
15 But, you know, if you look at the rule, you also have a
16 problem at Los Alamitos where you have horses of different
17 breeds running together from time to time. And it says
18 thoroughbreds can't have toe grabs, but now quarter horses
19 can.

20 Certainly, the data is not there that will prove,
21 the way it does on thoroughbreds, that it puts the horses at
22 risk. You also have risk to the jockeys. And if they're
23 all shod the same, it doesn't make any difference. It's
24 certainly not a detriment to go ahead and approve this rule
25 right now, as it is.

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1 I know the Board has a problem putting nails in
2 the coffin on some of these things and moving forward, but
3 we have one trainer who has come forward and objected to
4 this, at this late date, and we have Dino Perez, from the
5 owners and breeders association, who did not take any
6 opposition to this particular bill.

7 If you look at the biomechanics of this particular
8 process, it doesn't matter whether they're quarter horses or
9 thoroughbreds. And I will tell you that we have a high
10 incidence of fetlock breakdowns at Los Alamitos, a
11 disturbingly high number.

12 So as far as I'm concerned, if you're going to
13 look after the horse, you need to go ahead and approve this
14 rule.

15 The data, however, does not prove in quarter
16 horses that it increases risk of fatal injury.

17 COMMISSION VICE-CHAIRPERSON HARRIS: Well --

18 MR. JONES: Can I make a comment? I, myself,
19 wasn't aware of what this -- I was in the belief that the
20 rule was only passed for thoroughbreds and that it was
21 dropped for quarter horses. I'm almost positive that most
22 of the trainers were unaware of what's going on here, and I
23 was the only one that was aware and was willing to come up
24 and make a stand.

25 But I think if you investigate further into the

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1 matter, with the other trainers, that you'll find that there
2 will be a lot of them that are leaning with what I'm saying.
3 And if you look at Los Alamitos, the majority of the
4 breakdowns are thoroughbreds that come in and run in \$5,000
5 claiming races, that aren't running with toe grabs.

6 COMMISSION CHAIRPERSON SHAPIRO: Well, I, again,
7 and I appreciate what Dr. Arthur said, and I appreciate, and
8 I certainly am for protecting the health of the horse. But
9 I'm just concerned that if we move forward precipitously and
10 if there is, in fact, an outpouring of sentiment on this,
11 that for some reason hasn't been expressed, I would just
12 like us to take the opportunity to do that.

13 But again, I'm willing to go with what the
14 majority of the Board feels, here.

15 Yes, Commissioner Choper?

16 COMMISSIONER CHOPER: Mr. Jones, can I ask you
17 this question, and maybe the answer's obvious and I should
18 know, why do you object to changing to the smaller toe grab?
19 I mean, is it in some way do you think that it's not good
20 for preventing injury, or do you just think that it's going
21 to provide you with a disadvantage in running your horses?

22 MR. JONES: I don't really believe it's going to
23 make me at a disadvantage, personally. If everybody ran
24 without toe grabs, there would be an even playing field;
25 correct?

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1 COMMISSIONER CHOPER: Yes.

2 MR. JONES: But I really feel that everybody is
3 overlooking the fact that quarter horse racing is much
4 different than thoroughbreds. The thoroughbred, when they
5 come -- quarter horse racing, it's a race out of the gate.
6 These horses have got to get traction.

7 If you've ever been back of the gates at a quarter
8 horse race, the horse and the ground, it's a fight between
9 the horse and the ground for the first three or four jumps,
10 they're trying to get a hold of that racetrack.

11 And the reason I'm here is that when horses don't
12 get a hold of the racetrack, and they slip, and they slide
13 that creates, in my opinion, more injuries than when they
14 get a hold of the racetrack.

15 When we have a loose track, and the track's not
16 tight, when it's dug up deep, and it's not got a lot of
17 water on it, I get more injuries. I get more hind end
18 injuries, I get more front end injuries. I'm here for the
19 protection of the horse.

20 I can run without shoes, if everybody wanted to
21 run without shoes. But all of our purpose here is for the
22 horse. And I think no studies have been done with quarter
23 horses, and I feel that if they're going to make the
24 decision, do a study, prove it.

25 COMMISSION VICE-CHAIRPERSON HARRIS: Where you

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1 aware that we're only talking about front toe grabs, that
2 the hind toe grabs you can do basically what you want, which
3 is where I thought that was where most of the propulsion was
4 coming, out of the hind end.

5 MR. JONES: Yes, I agree, I feel the hind end is
6 more important than the front end. But also, if you watch a
7 quarter horse race, their motions are digging getting out of
8 the gate. And I think getting hold of the track, and I
9 think it's more crucial on that first three or four jumps,
10 basically. Once they're running down the track, I don't
11 think it's a big issue.

12 COMMISSION CHAIRPERSON SHAPIRO: And how many
13 millimeters, I mean, if we're talking about 4 millimeters as
14 being permitted toe grab, how many millimeters -- because I
15 don't -- is a regular toe grab, in your mind?

16 MR. JONES: You know, I really don't know an exact
17 measurement.

18 COMMISSION VICE-CHAIRPERSON HARRIS: I mean,
19 again, it would be good if we could get some information of
20 what the state of the art is now, at Los Alamitos, as far as
21 what the size is. I could see putting the thing off for a
22 month, and coming back. And I personally think we should
23 pass it, but I hate to pass something if it hasn't really
24 been that -- the horsemen weren't as well aware of it as
25 they might have been.

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1 COMMISSION CHAIRPERSON SHAPIRO: If that's okay,
2 then, with the remainder of the Board, may I suggest that we
3 put this over.

4 All right, we're going to put this over. Mr.
5 Jones, what we do ask of you is that knowing that this is on
6 the table, if you could get together with some of the other
7 trainers and work with the owners, and be in the position to
8 provide input to the Board. We want your input.

9 MR. JONES: Great, I'd be glad to.

10 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you
11 very much.

12 MR. JONES: Thank you.

13 COMMISSION CHAIRPERSON SHAPIRO: We'll move on,
14 now, to Item Number 7, which is discussion and action by the
15 Board regarding mandating the use of safety reins at
16 California racetracks.

17 As you also recall, we have had presentations in
18 the past on this issue, and I believe that we are here to
19 discuss the possible mandate of installing -- of having
20 safety reins in all races.

21 MR. MARTEN: Mike Marten, of the California Horse
22 Racing Board staff. These are the safety reins, two types
23 we're looking at here. And at first glance they appear to
24 be like any other rein, until you look closer and you can
25 see the nylon coming out of one end on these. On these the

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1 nylon never emerges from the leather, so the only way you'd
2 know is to feel it, you could feel the nylon inside.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay.

4 MR. MARTEN: When they're attached to the rein
5 bit, they look like this, with the clasp of the nylon
6 attached independently of the leather. And when the loop
7 tie are looped around the bit, the nylon loops around with
8 it. So if either of these break, the nylon remains, giving
9 the jockey a chance to control the horse.

10 COMMISSION CHAIRPERSON SHAPIRO: Okay. Have you
11 got more?

12 MR. MARTEN: Yeah.

13 COMMISSION CHAIRPERSON SHAPIRO: Okay.

14 MR. MARTEN: The nylon is added in the
15 manufacturing process and adds from \$10 to \$20 to the price,
16 as best we can determine, plus any fee due to the
17 developers, who are seated to my right.

18 The jockeys that we've talked with are solidly
19 behind the proposal, as Darryl Haire will explain, he's with
20 the Jockey's Guild.

21 The trainers we've spoken with, quite a few, seem
22 to be mixed. Some are enthusiastic, some are sort of
23 whatever, and then there's a few that are opposed. Those
24 who are opposed tend to think it's a matter of individual
25 responsibility and nongovernmental interference. And also,

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1 they tend to think it doesn't happen often enough to be
2 worth the trouble. I think Darryl will address that issue.

3 He'll also address the issue of safety tests that
4 have gone on. And Ed Halpern, of the CTT, who will speak
5 shortly, will tell you his position and the trainers'
6 position, and I think Dino Perez might have a word, too.
7 Thank you.

8 COMMISSION CHAIRPERSON SHAPIRO: Thank you, Mike,
9 appreciate it. All right. Well, Mr. Gray, nice to see you,
10 welcome back.

11 Perhaps we can start with hearing your position
12 with respect to the safety reins, and we'll hear from
13 Darryl, and I don't know this nice man.

14 Okay, go ahead.

15 MR. GRAY: All right, thank you, Commissioners and
16 Executive Director, appreciate your time. It goes without
17 saying it's a dangerous situation, whether it happens once
18 at a racetrack in a year or whether it happens four or five
19 times in the course of the year, it's a potentially deadly
20 situation.

21 The key, when we started looking at this, to
22 eliminate this type of accident, the key improvement we
23 determined was that it needed a second attachment to the
24 bit, and it needed to be attached in a way that it wasn't
25 going to interfere with any other type of equipment that was

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1 available, that a trainer might use to enhance his horse's
2 performance.

3 That is not going to be that much of an issue with
4 the thoroughbreds, but it will be with the harness.

5 So that second attachment is key that if the
6 original material fails, the second, the safety hook will
7 kick in and it's going to allow the jockey, trainer, the
8 driver, or whatever the case may be, to maintain control of
9 his horse.

10 When we started doing this, initially, we wanted
11 to start with just a kit where the manufacturers could use
12 to upgrade the equipment, and also make it available to the
13 tack shops.

14 Insurance companies, I couldn't get insurance for
15 it. They said that there was no quality control, which led
16 to the patent process, and that allows us an avenue to
17 maintain the quality of control with the different
18 manufacturers.

19 From the start, we're not going to manufacture
20 these ourselves, I didn't want to take any business away
21 from any of the existing tack shops and manufacturers that
22 serve the industry, that it's something that is available to
23 all of them.

24 Now, I have three different sets here, from three
25 different companies, two in California, one in New York, and

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1 I have a half-a-dozen sets more in the bag that I have here
2 from various companies in California and Pennsylvania, that
3 are already making the equipment.

4 COMMISSION CHAIRPERSON SHAPIRO: Can I ask you a
5 question, Mr. Gray?

6 MR. GRAY: Yes.

7 COMMISSION CHAIRPERSON SHAPIRO: And if anybody
8 knows the answer, do we know how many races were run in the
9 United States last year, and how many incidents of broken
10 reins there were?

11 MR. GRAY: No, there are no such records. I mean,
12 this is something where I know it was discussed, Ingrid was
13 out at the ARCI meetings, they're working on accident
14 information and documentation, now, and part of this, part
15 of the documentation, which is going to go through ARCI, is
16 whether it was equipment failure that created the problem
17 and exactly what the equipment failure was.

18 COMMISSION CHAIRPERSON SHAPIRO: Okay. And are
19 you -- is this suggesting that these reins would be used in
20 all cases or would we be galloping, exercising, and racing,
21 or are we looking at just races?

22 MR. GRAY: No, from my -- I talked with CHUB
23 Insurance, AIG, Lloyds of London, and as Darryl will tell
24 you, there are as many, if not more accidents in the
25 mornings during the workouts for harness, and thoroughbreds,

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1 as there are on the racetrack.

2 The other issue is that if it's a safety
3 requirement that's necessary for racing, and there's an
4 issue, they're not mandated on the full facility, the
5 racetrack is going to have a liability issue with why wasn't
6 the equipment mandated in both places.

7 COMMISSION CHAIRPERSON SHAPIRO: So in essence
8 what this is doing is mandated that all reins, at all times,
9 would have to be of this nature.

10 MR. GRAY: Right, that's what Ohio adopted their
11 rule in March.

12 COMMISSION VICE-CHAIRPERSON HARRIS: It seems like
13 it would almost be a Cal-OSHA issue that you have to adapt
14 the safer type of equipment wherever you're doing something.
15 But I mean, I don't have a problem with doing something on
16 this, but it seems like if it's a big safety issue, there's
17 a lot of different agencies are looking at that, anyway.

18 COMMISSION CHAIRPERSON SHAPIRO: Okay.

19 MR. GRAY: Another one of the concerns I would
20 have -- oh, I'm sorry, go ahead.

21 COMMISSION CHAIRPERSON SHAPIRO: No, no, go ahead,
22 go on.

23 MR. GRAY: Oh, I was going to say that another
24 concern was that there was always one individual that
25 was -- well, there are two patents on the reins, but it was

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1 only one company that was going to own the patent or one
2 individual. And the same with the helmets, there are
3 different companies that make the helmets and there is a
4 patent for the helmets. The patent is going to be available
5 to all of the manufacturers that are serving the industry
6 and so there isn't going to be any type of a monopoly.

7 I mean, when we started doing this, when it was
8 horsemen that initiated the process of mandating the
9 equipment, after a bad accident at the Meadowlands, and we
10 got on the phone with our attorneys, with the Justice
11 Department, and they determined that unless -- if all 36
12 jurisdictions made them mandatory, unless that there was an
13 abuse in our pricing issue, that it wasn't going to be a
14 legal issue.

15 COMMISSION CHAIRPERSON SHAPIRO: And is Ohio going
16 to reconsider a decision that they made to adopt this in
17 July?

18 MR. GRAY: There are horsemen that are trying to
19 get them to reconsider. But as far as I know, from the
20 associations, there are Ohio and a number of other states
21 are waiting to see what happens here, in California. New
22 Mexico, New Jersey, Delaware, and I believe New Mexico are
23 also looking into the process of mandating the equipment.

24 And the ARCI, I spoke, I made a presentation there
25 a month ago and ARCI adopted a rule for their jurisdictions

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1 to implement.

2 I know another part of the concern from the
3 horsemen was that it was going to be additional cost. I'd
4 recommended right along that a timing factor be set in,
5 where you give the horses -- you give the trainers a year to
6 18 months to buy equipment to replace the conventional reins
7 with the safety over a course of an 18-month period. This
8 way they won't have to go out in the course of two or three
9 months and buy the equipment, which would create somewhat of
10 a financial hardship.

11 COMMISSION CHAIRPERSON SHAPIRO: Well, you know,
12 and I think everybody in the room is all for safety, okay.
13 I mean, no one wants to see any rider, driver, anybody get
14 hurt, so I don't think that's an issue here.

15 What I'm not sure about is don't each of the
16 riders have the ability to -- just as they have their own
17 helmet, have their own reins, and say these are the reins I
18 want to ride with?

19 COMMISSION VICE-CHAIRPERSON HARRIS: No, I think
20 the trainer brings them with the horse.

21 COMMISSION CHAIRPERSON SHAPIRO: Well, okay, but
22 let's say that --

23 COMMISSION VICE-CHAIRPERSON HARRIS: It's not like
24 you can just tell the trainer I'm not going to ride your
25 horse unless you do this.

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1 COMMISSION CHAIRPERSON SHAPIRO: But maybe, what
2 would stop a jockey or a driver from saying, listen, I'm
3 concerned about the reins I use, and I've got my vest, and
4 I've got my helmet, and here are my reins, and they --

5 COMMISSION VICE-CHAIRPERSON HARRIS: Well, it gets
6 tricky with all the different types of bits and all that,
7 though, that would be the problem, I think, for
8 thoroughbreds, that you'd have to have different -- you
9 know, every trainer maybe uses a different bit on different
10 horses. But I think the trainer should really do it. But
11 it seems like it should be understood between the rider and
12 the trainer that if he's going to ride that trainer's horse,
13 that that's the deal. Just like he's got to have a pony or
14 something.

15 COMMISSIONER MOSS: Well, has there been a
16 situation where a jockey actually bought these reins and
17 suggested to the trainer I would like to have these reins
18 used on a horse?

19 MR. GRAY: They're in all three facets of racing,
20 that is something that I don't think is going to happen, and
21 Darryl can attest, it's -- can attest as to why. I mean, if
22 a jockey or even a harness driver says I'm not going to
23 drive your horse unless you get the safety reins, then half
24 the time you might say, well, fine, I'm going to get another
25 driver.

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1 But another reason why it should be made mandatory
2 for everybody to have it, if I'm driving them, and I'm
3 cutting the mile and the horse that's coming first over does
4 not have the safety reins, and I do have them, and he loses
5 a right rein, a right line, that horse is in my lap, and it
6 doesn't matter that I have the equipment, and that my
7 trainer made the choice to use the equipment. That trainer
8 made the -- it's still going to -- unless there's full
9 compliance they're all using it, there's still going to be a
10 danger on the racetrack for jockeys, trainers, drivers,
11 whoever the case might be, to be hurt.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay. What I'd
13 like to do is I'd like to hear -- I mean, I'd like to hear
14 from actual trainers as to what their views are on this
15 subject. And I do have a comment card from Ed Martin --
16 Ed Halpern.

17 COMMISSION VICE-CHAIRPERSON HARRIS: We should
18 probably hear from the Jockey's Guild, just to confirm that
19 the Jockey's Guild is strongly in support of this, as I
20 understand it.

21 MR. HAIRE: I appreciate that, Commissioner
22 Harris. Chairman Shapiro, I am strongly, and the riders
23 support the safety reins. It's been -- well, in my travels
24 throughout the country, I've seen too many reins break. The
25 last, well, two or three years I can think of, five or six

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1 different instances, from John Velasquez's rein breaking in
2 the Breeder's Cup, Beto Prado (phonetic), in the Black-Eyed
3 Susan.

4 Just recently, the horse that won one of the
5 Triple Crown races, at Keeneland, had broke in the morning,
6 and that part of the decision on not running him in the
7 Preakness.

8 Also, throughout the country, for whatever reason,
9 in a lot of the racetracks, and a lot of -- trainers aren't
10 replacing their reins, so they're breaking more frequently.

11 In New York, four months ago, five months ago,
12 Mike Smith rode a horse for Billy Mott, and the reins were
13 new, and still the reins broke. Usually, they break after
14 they've been used for a while because they dry rot, and you
15 can't see underneath the rubber, where it's dry rotted and
16 it snaps, just like cardboard.

17 In this situation, they were defective, so they
18 were new reins. And it was on a trip horse, and Mick Leore
19 (phonetic) helped pull the horse up.

20 The bottom line is it's happening too often. We
21 know this is safer. It works in the morning or afternoon.
22 This needs to be mandated. Just like the safety vests, and
23 they -- we know those are -- they take care of a lot of
24 riders, now, they're safer, safety vests. Just like I feel
25 it's just as important as the synthetic surfaces, this needs

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1 to be mandated.

2 There are trainers that say, Darryl, and I've
3 talked to Paul Jones, and Bobby Franco, and numerous
4 trainers throughout the country about this, and some of them
5 reinforce it in different parts with rivets, but no one can
6 help it from breaking in here, and this is where it mostly
7 breaks.

8 So this is just a backup, this is -- with the
9 nylon hooked to the bit, and it goes through the reins, it
10 just prevents it from snapping and the rider losing control.

11 If this can save one life, and I'm sure over the
12 years people have gotten hurt real bad because of reins
13 snapping. It happens, I can't say it happens every other
14 day, but it happens too frequently.

15 I just don't want it to take for somebody to get
16 killed before this is mandated. This is something that
17 needs to be mandated, this works. So I'd appreciate -- and
18 also, there was a question about having a monopoly on this,
19 initially. Art gray, for the last four or five years that I
20 know of, has addressed different problems. He's had them
21 tested, he's made -- he's perfected them, and now there's
22 even a company in Pennsylvania that manufactures bio-plastic
23 reins.

24 So they will last longer, the riders like them,
25 they're just like leather. So you have bio-plastic, you

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1 have leather reins, you have nylon. The main thing is the
2 nylon goes through there like nylon. I'm just convinced
3 this is the way to go.

4 And I know people don't like things mandated, but
5 some things have to be mandated before somebody gets killed.

6 And again, if all trainers were like Bobby Franco,
7 and John Sherriffs, and Paul Jones, then still because it
8 breaks where the rubber is, it has to be the nylon to go
9 through it. Thank you.

10 COMMISSION VICE-CHAIRPERSON HARRIS: I'd like to,
11 does Beck have a different type?

12 MR. BECK: My name is Brian Beck, I'm from
13 Louisville, Kentucky. Basically, our reins, on the inside
14 the safety component of it is a nylon cord, it's a parachute
15 cord. It's 550 pound test. And what we did is we ran
16 it -- it starts right here and it runs the full length
17 around the loop and all the way back here, so it's sewn in
18 here and here, it's one piece, it's dealt with on the
19 inside.

20 So when you put this on the horse's bit, as he
21 showed on there, and it's pulled through itself, it's
22 doubled around the bit, also.

23 And as Darryl said, when a rein breaks, it's going
24 to break somewhere down in here, from where your hands are,
25 usually between your hands and where it's hooked onto the

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1 bit, to the bridle. That's why we brought it all the way
2 back here, all the way through the rubber, just like Mr.
3 Gray's rein.

4 As to the question of how many reins have been
5 broken, as to how many races were run, it doesn't matter. I
6 rode for almost 20 years, I'm recently retired, I only had
7 one set of reins actually break on me, I've had several come
8 apart, the Chicago screws pop out, or the buckle ends of
9 them come out, and the stitches come undone and the reins
10 come off like that. One is plenty. It's a very lonely
11 feeling, especially if you're going into the first turn and
12 the horse is really wanting to run with you, and you better
13 hope you can get some help going around the turn.

14 COMMISSION CHAIRPERSON SHAPIRO: So let me ask a
15 question. In your rein, does the rein, though, break?

16 MR. BECK: Yes, it does.

17 COMMISSION CHAIRPERSON SHAPIRO: So that the horse
18 can't -- a rider comes off the horse --

19 MR. BECK: The rider comes off the horse, this is
20 the back end of the rein, as there's always going to be a
21 knot tied in it to take up the excess slack, if they go over
22 a horse's head and a horse steps through the rein, yes,
23 they're going to break right here at the end of the rubbers.
24 When a horse steps through here, this is where they're going
25 to break at.

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1 COMMISSION CHAIRPERSON SHAPIRO: Right.

2 MR. BECK: I've got all the testing and everything
3 right here, everything's tested at Western Kentucky
4 University, by Matt Detmin, who's the head of the
5 engineering department. And I've got several copies, if you
6 all want them.

7 COMMISSION CHAIRPERSON SHAPIRO: One of the issues
8 I'm struggling with is I'm not -- you know, we sound
9 that -- it sounds great we want safety reins, but I'm not
10 sure how we're defining a safety rein.

11 MR. BECK: That's the problem in most areas. As
12 he said, as of 2008, in Ohio, they did adopt in legislature
13 that as of 2008 you have a reinforced rein. I called Larry
14 Islers, who was on the board of directors in Ohio, the day
15 before yesterday, and they are going to look at this, and
16 look into it more. They're not sure how to define it,
17 either.

18 COMMISSION CHAIRPERSON SHAPIRO: I'm not opposed
19 to the concept of having safer rein for backup. I mean, why
20 would we be opposed to that? But I'm not sure how we
21 regulate a rein, because I'm not sure what defines safety
22 rein.

23 MR. BECK: Well, as in Kentucky and Indiana, it's
24 mandatory that you use a ASTM approved helmet.

25 COMMISSION CHAIRPERSON SHAPIRO: Right.

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1 MR. BECK: That they passed ASTM standards.

2 COMMISSION CHAIRPERSON SHAPIRO: But there is no
3 ASTM standard for reins.

4 MR. BECK: Exactly. And like I say, all these
5 reins were testing, we have all our reins tested every four
6 to six months, at Western Kentucky University. He's got his
7 testing pattern that he uses to make sure, you know, quality
8 control, basically, to make sure that they meet the
9 standards that we want them to meet, that they should meet.
10 And that's just about the only set precedent that I'm aware
11 of, is what Mr. Detman uses.

12 MR. GRAY: When I started this, there were no
13 standards for testing equipment.

14 COMMISSION CHAIRPERSON SHAPIRO: Art, I want to be
15 real clear, I know that this has been a mission of love, and
16 dedication, and it's not profit motivated, and so you know
17 from our prior discussions that I certainly respect what
18 your motives have been here. They're all wonderful motives
19 for health and safety.

20 The question though, that I'm struggling with, as
21 I said is, I'm not sure how we -- what defines a safety
22 rein, and I think that all of us would have a problem if it
23 was one brand, and we were giving a monopoly, and I know
24 you've tried to address that.

25 I know that we met, I believe it was a Mr. Ford,

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1 down at San Luis Rey, who has another version of a safety
2 rein. So it gets into what is a safety rein? It's a
3 reinforced rein. Well, I don't know that our conventional
4 reins wouldn't qualify as reinforced reins. I just don't
5 know.

6 MR. MARTEN: Mr. Chairman, we on the staff, we
7 have some language from other racing jurisdictions, and the
8 ARCI, and we could float some language to you to consider,
9 that would address issues, such as independently attaching
10 to the bit, and so forth. If that's what you're talking
11 about, we can do that.

12 But if you're talking about something more complex
13 then I --

14 COMMISSION CHAIRPERSON SHAPIRO: But Mike, I don't
15 believe that Mr. Peck's rein independently attaches to the
16 bit.

17 MR. BECK: Right, our security system is built
18 into the rein.

19 COMMISSION CHAIRPERSON SHAPIRO: This is within
20 it, therefore, it doesn't -- if we defined it as something
21 that independently attaches to the bit, that would preclude
22 Mr. Peck's rein. And so, you know, it becomes, from my
23 perspective, a regulatory nightmare of how to do this.

24 MR. GRAY: Well, I can tell you from talking with
25 the manufacturers, there are already seven that I have

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1 worked with over the years, and what will happen is Ohio
2 made it mandatory, if California followed suit, and the
3 other states that initiate it, the manufacturers are just
4 going to make it this way and it's not going to be an issue.

5 MS. WAGNER: Mr. Chairman, if I may. As you know,
6 AB 1180 is what has made us talk about this particular rule.
7 I can't talk.

8 COMMISSION CHAIRPERSON SHAPIRO: Precipitated.

9 MS. WAGNER: Precipitated, yeah. AB 1182 is the
10 reason why safety reins have really come into vogue in terms
11 of this discussion, because they require the Board to make a
12 determination as to what we would do with safety reins in
13 California. You speak --

14 COMMISSION CHAIRPERSON SHAPIRO: Well, what does
15 that mean, that the law does require --

16 MS. WAGNER: That we --

17 COMMISSION CHAIRPERSON SHAPIRO: -- that we
18 determine what we would do, what does that mean?

19 MS. WAGNER: If we were going to make it
20 mandatory.

21 COMMISSION VICE-CHAIRPERSON HARRIS: What was the,
22 because 1180 was not in our package or anything, can you
23 just go back, because I don't remember what 1180 was,
24 exactly?

25 MS. WAGNER: Yeah, AB 1180 was a bill, I believe

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1 it was statutes of maybe a year ago, and it was a rule --
2 excuse me, a law that was written primarily that addressed a
3 number of issues in the jockey colony.

4 COMMISSION CHAIRPERSON SHAPIRO: Jackie, what does
5 1180 say with respect to safety reins?

6 MS. WAGNER: I'm going to give that right to you,
7 certainly.

8 It is B&P Code 19504, subsection (d),
9 specifically. "For the purposes of this section, a safety
10 rein is a type of rein that is reinforced with wire cable,
11 nylon strap, or other safety device or material that is
12 attached to the bit and designed to maintain control of the
13 horse should the rein break."

14 For the purposes of this section, a conventional
15 rein is any rein other than a safety rein.

16 COMMISSION VICE-CHAIRPERSON HARRIS: So is it a
17 safety rein's legislated, now, or are they --

18 COMMISSION CHAIRPERSON SHAPIRO: Yes.

19 MS. WAGNER: Yes.

20 COMMISSION VICE-CHAIRPERSON HARRIS: So they're
21 legislated. Were we directed to promulgate rules to define
22 them or what?

23 MS. WAGNER: It goes on further. Section 19504
24 states, "should the Board determine that the use of safety
25 reins would provide greater protection for jockeys and

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1 exercise riders than conventional reins, it shall adopt a
2 regulation no later than July 1, mandating the use of
3 approved safety reins whenever a race horse is ridden at a
4 racetrack."

5 COMMISSION CHAIRPERSON SHAPIRO: July 1 of what
6 year?

7 MS. WAGNER: 2007.

8 COMMISSION CHAIRPERSON SHAPIRO: 2007.

9 MS. WAGNER: Right.

10 COMMISSION VICE-CHAIRPERSON HARRIS: So why didn't
11 we take a look at this earlier?

12 MS. WAGNER: We did.

13 COMMISSION CHAIRPERSON SHAPIRO: No, we didn't.

14 MS. WAGNER: Because it goes on further, let
15 me --

16 MR. GRAY: This is the third time I've been out
17 here.

18 MS. WAGNER: Yeah. The Board, under the same
19 rule -- under the same law, it mandated that "the Board
20 conduct an investigation, including at least one public
21 hearing, to determine whether the use of safety reins would
22 provide the jockeys and exercise riders greater protection
23 from accidents and injuries than conventional reins."

24 And that's where we are in this process. This is,
25 I believe, the third time.

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1 MR. GRAY: The third time I've been out here.

2 MS. WAGNER: This is the third time that we've
3 presented the program or the safety reins before the Board.
4 So we're still in the determination stage, trying to decide
5 whether or not we want to mandate it.

6 COMMISSION VICE-CHAIRPERSON HARRIS: Well, it
7 sounds like a good idea, but we probably need to hear from
8 more people. There are some people that feel these are
9 unsafe. I mean, is the issue that they're not safe -- or as
10 long as they're safe and the jockeys like them, it seems
11 like a pretty easy decision.

12 COMMISSION CHAIRPERSON SHAPIRO: So let's now ask
13 these nice people to allow other people -- you can probably
14 stay there. And I'd like to hear the trainers' position.
15 Is Mr. Halpern -- there he is. Mr. Halpern, perhaps you can
16 tell us what the trainers feel about this?

17 MR. HALPERN: Thank you. Ed Halpern, California
18 Thoroughbred Trainers.

19 Mr. Shapiro, unlike last month, today I can not
20 only hear you, but I can see you, and you still look the
21 same.

22 COMMISSION CHAIRPERSON SHAPIRO: That's not what
23 you said in the e-mail to me.

24 COMMISSION VICE-CHAIRPERSON HARRIS: He said I
25 looked better.

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1 COMMISSION CHAIRPERSON SHAPIRO: No, no, no, he
2 sent me -- when the sound wasn't working, he sent me a
3 message that said I can see you, I can't hear you, and you
4 look "blank." I'll let people -- and it wasn't ugly.

5 (Laughter.)

6 COMMISSION CHAIRPERSON SHAPIRO: Go ahead.

7 MR. HALPERN: Anyway, just preliminarily, I would
8 like to point out to the Board Sonia Pishovar, who's here.
9 Sonia is our administrator for the CHSA Worker's Comp
10 program, and she has been intimately involved in both the
11 safety rein issue, and the helmet issue, and the safety vest
12 issue, and has pushed all three of these matters forward,
13 and has done an incredible job for the trainers and the work
14 force in bringing down injuries, and making sure that the
15 workers get the treatment that they need.

16 As to this issue, I would point out that it is a
17 safety issue, but the problem is that it's not clear which
18 is safer. In certain circumstances, you're better off if
19 you have a safety rein that doesn't break. Obviously, the
20 fear of what must take place in a rider's mind when a safety
21 breaks is terrifying. On the other hand, if a rein doesn't
22 break and it gets wrapped around a jockey's -- part of the
23 jockey's body, or part of the gate, or if the horse gets
24 loose and it gets wrapped around the rail, or any other
25 piece of equipment, then it could work in a negative fashion

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1 to have a rein that didn't break.

2 Many prominent trainers, many very prominent,
3 long-standing trainers have said to me that they're dead set
4 against this rule. That the reason they have used leather,
5 as opposed to nylon or other materials, for many years, is
6 that they want all equipment to be able to break.

7 I would point out that in our own experience
8 running the worker's compensation now, for over four years,
9 we've probably been the insurer for coming on a hundred
10 thousand mounts, and we've had no injuries based on or
11 created by the fact that a rein broke. And that's both in
12 afternoon racing, a hundred thousand mounts, and four and a
13 half years of morning training. So it is a rare, rare
14 occurrence.

15 I would also point out that from a liability point
16 of view it seems to cut both ways, you're sort of damned if
17 you do and you're damned if you don't. If you give somebody
18 a safety rein and it doesn't break, and they're injured
19 because it doesn't break, they're going to sue you because
20 you didn't have it -- because you had a rein that didn't
21 break. On the other hand, if their rein breaks and they're
22 injured, they're going to sue you because you didn't have a
23 safety rein.

24 So I'm not sure what that tells you from the point
25 of the trainer, the owner, and the government agency that

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1 mandating a safety rein at this point solves that problem,
2 or saves any injuries, we just don't know.

3 That having been said, it also has been pointed
4 out to me that in some degree safety reins may not have been
5 perfected in the way they're designed, and John Sherriffs'
6 might want to talk to you on that, but I think that
7 sufficiently states one of his concerns.

8 COMMISSION VICE-CHAIRPERSON HARRIS: Is it clear
9 that these reins absolutely will not break? I thought there
10 with some amount of tension they would, in fact, break, even
11 though they were safety reins?

12 MR. HALPERN: Well, fortunately, the new rein,
13 Mr. Peck's rein is designed to break. He's built that into
14 his rein, and it's worth noting, and it's a forward moving
15 accomplishment.

16 COMMISSION CHAIRPERSON SHAPIRO: I think that Mr.
17 Gray's rein also breaks. It doesn't break necessarily where
18 it attaches to the bit, but I think it breaks.

19 MR. GRAY: We initially started with cable, and it
20 was a 600 pound test cable and a 600 pound test hook and --

21 COMMISSIONER CHOPER: I'm having difficulty
22 hearing you.

23 MR. GRAY: Oh, I'm sorry. Initially we started
24 out with a cable, a 600 pound test cable and a 600 pound
25 test hook, and it was determined that it was too strong.

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1 Then we switched to the nylon, and we tried
2 different types of widths, and how it was going to be
3 anchored inside. And to address it we made the hook that we
4 use, is a 450 pound test hook, and the testing that we did,
5 that was in the information that I supplied to Jackie, that
6 you have, the hook starts to open up and the stitching
7 starts to give at about 440, 450 pounds. And the weakest
8 part of the rein, itself, in the testing, would break.
9 Right, the leather would break right here and the buckle
10 would give on the nylon at approximately 425 pounds.

11 So these will give. They're 30 to 40 pounds
12 stronger than the conventional rein, itself, but they will
13 give.

14 COMMISSIONER CHOPER: Is it your view that they
15 would break in the situations that Mr. Halpern described,
16 with a rein getting wrapped around a rail, or a rein wrapped
17 around the jockey?

18 MR. GRAY: Yes, this is why we made the change
19 from the steel cable to the nylon, and we downgraded the
20 strength of the hook that we were using.

21 COMMISSION CHAIRPERSON SHAPIRO: One of my
22 concerns is that if the reins came over the horse's head,
23 and the horse stepped through them, and the rein doesn't
24 break, that horse is going to tumble and kill somebody.

25 MR. GRAY: Well, the other thing, if something

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1 like that happens, it's going to break down here.

2 MR. HALPERN: I would say I think we have what at
3 least for the moment is a solution to this issue, and that
4 is that our worker's comp program has ordered I believe 110
5 sets of these reins, that we're going to distribute, and we
6 are going to get reins from the other manufacturers to
7 distribute to trainers for a trial period, so that we can
8 get some read on whether the safety rein, in fact, does
9 prevent injuries, and to help solve the perceived problem.

10 And I would ask the Board to put this over to give
11 us time to make the determination as to whether a safety
12 rein is, in actuality, the preferred way to go.

13 COMMISSION CHAIRPERSON SHAPIRO: And how long do
14 you think it would take for you to do a clinical trial of
15 the safety reins?

16 MR. HALPERN: I think we're just going by numbers
17 and we'll just see how well they work, but I would say you
18 need two, or three, or four months of using them to see what
19 kind of results we get.

20 COMMISSION VICE-CHAIRPERSON HARRIS: Are some
21 people using them now? I mean, this isn't a new thing,
22 they're being used right now, aren't they?

23 MR. HALPERN: Yeah. Some use them now, I've used
24 them in the past. I did very many years ago, but we haven't
25 had a complete trial or an extensive trial.

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1 COMMISSIONER CHOPER: Are you making any effort to
2 find out what the experience in Ohio is?

3 MR. HALPERN: We have not done that yet and I --

4 COMMISSIONER CHOPER: I think you should.

5 MR. HALPERN: I agree.

6 COMMISSION CHAIRPERSON SHAPIRO: I think we should
7 ask staff to perhaps, also, try and see if we can get some
8 data from Ohio and what's --

9 MR. GRAY: Ohio mandated, they set a date of July
10 1st, 2008.

11 COMMISSION CHAIRPERSON SHAPIRO: Oh, so they
12 haven't started yet?

13 MR. GRAY: No, but what they did was they -- the
14 Ohio horsemen have been ordering them. They were given
15 until July 1st of next year before full compliance was
16 required.

17 COMMISSION CHAIRPERSON SHAPIRO: Okay. And is
18 Indiana using them, also?

19 MR. BECK: It's not mandatory there.

20 COMMISSION CHAIRPERSON SHAPIRO: It's not
21 mandatory.

22 MR. GRAY: No, Ohio's the only state that's
23 mandatory.

24 MR. BECK: There are Kentucky trainers that run
25 all over the midwest, and have been buying them, and they

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1 use them in the mornings and the afternoons. They're not
2 doing it because they have to, they're doing it because they
3 want to.

4 They see the need to have -- when Steve had the
5 two-year-old have his rein break in the Breeder's Cup a
6 while back, that kind of said it all right there, you
7 finally get a horse in a million dollar race and you lose
8 all chances right there and then. Not to mention you put
9 somebody's like at risk.

10 COMMISSION CHAIRPERSON SHAPIRO: Well, again, I
11 think we're trying to find the right thing to do, and we
12 want to do the right thing, and it's a matter of how to do
13 that, and what is that, that I think we should be
14 considering.

15 MR. GRAY: Oh, I think the key component is that
16 there's a second attachment. That if the buckle gives, if
17 this fails, and it's also reinforced up, it's going to
18 prevent the dry rot underneath the grip. If this fails,
19 this kicks in, and the jockey, trainer, groom, whatever the
20 case may be, is able to maintain control of the horse.

21 COMMISSION CHAIRPERSON SHAPIRO: Right. But right
22 there we have two different sets of safety reins.

23 MR. GRAY: Right.

24 COMMISSION CHAIRPERSON SHAPIRO: Right. And
25 Mr. Beck, your rein does not have a second attachment;

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1 right?

2 MR. BECK: Not on the outside. We kept it plain
3 and simple.

4 COMMISSION CHAIRPERSON SHAPIRO: Okay. So that's
5 our problem. Our problem is when we say safety reins, are
6 we talking those that, and that's the problem that I see
7 here.

8 MR. GRAY: Well, I have some other rule drafts
9 that I worked on with some of the ARCI members and --

10 COMMISSION CHAIRPERSON SHAPIRO: Well, again, what
11 I would like -- I don't know, did you want to comment,
12 Commissioner Moss?

13 COMMISSIONER MOSS: Well, I think first we
14 should -- if there's anyone else that has anything, I guess
15 else to say anything --

16 COMMISSION CHAIRPERSON SHAPIRO: I have a couple
17 more comment cards.

18 COMMISSION VICE-CHAIRPERSON HARRIS: Take the
19 other comments.

20 COMMISSION CHAIRPERSON SHAPIRO: All right, and
21 thank you. I'd like to hear from Jerry Jamgotchian. Did
22 you want to speak to this, Jerry?

23 MR. JAMGOTCHIAN: Yeah, that's why I filled out a
24 card.

25 COMMISSION CHAIRPERSON SHAPIRO: Well, you fill

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1 out a card for everything, so I just wanted to make I had
2 the right number.

3 MR. JAMGOTCHIAN: Well, the reason that I do is
4 because the administration of horse racing isn't
5 representing owners. And in this particular case, that's my
6 question. You know, everybody's for safety, and we've spent
7 an hour on this issue already, and we've spent countless
8 hours at prior meetings.

9 But it's kind of interesting, what's the
10 difference in cost between the existing reins and a safety
11 rein. That's never even been mentioned. Do you even know?

12 COMMISSION CHAIRPERSON SHAPIRO: Yes, we know
13 specifically how much.

14 MR. JAMGOTCHIAN: Well, why don't you put that
15 into the record, then?

16 COMMISSION CHAIRPERSON SHAPIRO: It's about \$15.

17 MR. JAMGOTCHIAN: Fifteen dollars more?

18 COMMISSION CHAIRPERSON SHAPIRO: That's correct.

19 MR. JAMGOTCHIAN: Okay. If in fact the Board is
20 now pushing products, the economic side needs to be
21 addressed. Is there an economic analysis that's been done
22 by this Board with regards to this, and the effects it would
23 have on the trainers and --

24 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
25 we're not pushing products. What we're pushing is health

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1 and safety right now. It has nothing to do with pushing
2 products.

3 MR. JAMGOTCHIAN: Well, let me ask this --

4 COMMISSION CHAIRPERSON SHAPIRO: Excuse me.

5 MR. JAMGOTCHIAN: Sure.

6 COMMISSION CHAIRPERSON SHAPIRO: Okay, and while
7 we try to let it slide with some of your comments, please
8 understand what we are trying to do is do what's in the best
9 interest for those people that are participating on the
10 racetrack, whether it be the horses, or the riders, or the
11 exercise riders.

12 COMMISSION VICE-CHAIRPERSON HARRIS: You know,
13 obviously the pay back in the reduction of injuries and the
14 reduction of worker's comp expenses, you know, even setting
15 aside the tragedy of someone getting injured is far greater
16 than \$15.

17 MR. JAMGOTCHIAN: Okay. Now, with regards to the
18 safety issue, we're all on the same side. But, obviously,
19 this Board doesn't consider heel nerving as being a problem,
20 but we'll talk about that later.

21 Is there anything in regards to Dr. Arthur's
22 position on this? We pay Dr. Arthur \$315,000 a year, has he
23 analyzed this at all?

24 COMMISSION CHAIRPERSON SHAPIRO: Well, Mr.
25 Jamgotchian, I really don't think Dr. Arthur is a doctor of

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1 leather and fittings and, therefore, I don't see any reason
2 why we would have Dr. Arthur --

3 MR. JAMGOTCHIAN: So he has no position is what
4 you're telling me, correct?

5 COMMISSION CHAIRPERSON SHAPIRO: You know what,
6 Mr. Jamgotchian, move on with your comments.

7 MR. JAMGOTCHIAN: So Dr. Arthur is taking no
8 position on this, that's interesting to note.

9 Additionally, I see a flaw in the system in the
10 leadership of the CHRB in that this matter is going to
11 affect -- this matter is going to affect owners because
12 they're going to be the pass through conduit to pay the
13 additional fees. Obviously, the trainers aren't going to be
14 able to do this without the owners paying for the reins so,
15 obviously, the owners are going to have to pay for it.

16 But maybe the CHRB, if they do mandate this, could
17 provide each trainer with a couple of reins free.

18 And I think Mr. Halpern's idea is actually a good
19 one that there should be a study, an actual study because I
20 think the jury is out on what a safety rein is, number one,
21 and if in fact they are safer than the existing reins,
22 number two.

23 So maybe the CHRB should show some leadership here
24 and provide free safety reins to some of the trainers.

25 The other thing I think you should do and, Mr.

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1 Shapiro, I know you're all for transparency, I think that
2 maybe what you should do as a Board is make the trainers
3 aware of these CHRB meetings and some of the issues that are
4 being brought up at these meetings. And I think that you
5 should do that by providing some documentation into the
6 overnights, and also to the condition books. Because if you
7 want true transparency --

8 COMMISSION CHAIRPERSON SHAPIRO: Okay, Mr.
9 Jamgotchian, that's off the subject.

10 MR. JAMGOTCHIAN: Okay, I'll get back to safety
11 reins here.

12 COMMISSION CHAIRPERSON SHAPIRO: So I think that
13 we're going to thank you for your comments --

14 MR. JAMGOTCHIAN: No, I'm not done yet. With
15 regards to --

16 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
17 stick to --

18 MR. JAMGOTCHIAN: And my time is not up, Mr.
19 Shapiro.

20 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
21 we're going to move the meeting along. If you have a
22 comment about safety reins, make it about safety reins.

23 MR. JAMGOTCHIAN: Fine. What happens if the
24 trainers refuse to use safety reins, are they going to be
25 sanctioned? You're going to answer that question maybe,

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1 right?

2 MR. GRAY: I was a steward for 25 years.

3 COMMISSION CHAIRPERSON SHAPIRO: This is your
4 comment period, so please make your comment.

5 MR. JAMGOTCHIAN: Well, are they going to be
6 sanctioned, that's my question.

7 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
8 I'm not here to answer your questions, I'm just here to
9 listen to your comments.

10 MR. JAMGOTCHIAN: Okay, so you don't have a
11 position on whether they're going to be sanctioned for not
12 using safety reins.

13 COMMISSION CHAIRPERSON SHAPIRO: Are you done, Mr.
14 Jamgotchian?

15 MR. JAMGOTCHIAN: Has anyone asked the current
16 rein makers, safety rein makers, if they are making these
17 reins as safety reins -- the current makers of reins, if
18 they are now making safety reins that might moot out this
19 whole issue? I mean, who makes reins currently, could they
20 be considered safety reins, could it be that the majority of
21 reins back there are already safety reins? Does anybody
22 know that answer?

23 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
24 maybe you weren't listening, but that's been part of the
25 discussion we've had here.

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1 MR. JAMGOTCHIAN: No, no, I'm asking you, Mr.
2 Shapiro, do we know that?

3 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
4 I appreciate your -- is that the end of your comments?

5 MR. JAMGOTCHIAN: Yes, thank you.

6 COMMISSION CHAIRPERSON SHAPIRO: Thank you. All
7 right. Paul Jones.

8 MR. JONES: I was really hoping he was going to be
9 in my favor. I've been to three meetings --

10 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jones, tell
11 us what you think about safety reins.

12 MR. JONES: Well, when I first started training, I
13 used to use leather reins, and I think these gentlemen are
14 right, the leather reins do tend to rot with washing, and
15 cleaning, and wear, and time and it's very undetectable, the
16 rot, it could rot inside and the rein can break, and it can
17 be dangerous.

18 So due to that fact I did have a rein break when I
19 first started training with the leather reins, and I've seen
20 other ones. So I decided at that point to move to nylon
21 reins and I have a special set of nylon reins that I have
22 made just for me, that I use, and I've been using from there
23 on. And I've never had another rein break and I've never
24 had a problem. And I'm not aware that any problems due to
25 the fact that a rein didn't break, due to the fact that it

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1 went over a horse's head, or got tangled on something, I've
2 never seen any injuries or any problems due to the fact that
3 the reins didn't break.

4 I have seen quite a few scary situations from
5 reins that have broke.

6 I don't see if -- I believe there could be
7 something that needs to be looked into with leather reins.
8 I think if a person uses nylon reins that they're very safe.
9 Anyways, that's just my opinion.

10 COMMISSION VICE-CHAIRPERSON HARRIS: Does the
11 Jockey's Guild have a position on nylon reins, if they are
12 effectively a safety rein?

13 MR. HAIRE: Commissioner Harris, some of
14 these -- one of these sets are nylon reins. The whole
15 safety of the matter is if the nylon rein should break
16 somewhere along the way, whether it's on the bridle or one
17 of the fasteners, if it does happen then you do have the
18 back up, and this is what it's all about is the back up.

19 And we've addressed, because there was a concern
20 from trainers that it won't break if it gets over a horse's
21 head. Well, we know it will break.

22 So we've answered, you know, with the study that
23 they've done, and also the question of will trainers have to
24 go out and get all new reins? Well, eventually they will,
25 in time, just like they do now. That's why we'd like to see

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1 it mandated and give them a period of a year and a half, or
2 two, so that as they replace them, they replace them with
3 something that's safe. That's all we're asking.

4 COMMISSION CHAIRPERSON SHAPIRO: Well, Darryl, we
5 understand that. I think the question is, though, is a
6 nylon -- are nylon reins used in quarter horse and
7 thoroughbred racing?

8 MR. HAIRE: Yes. But some riders or trainers
9 don't like nylon. Some like nylon, some don't. That's just
10 if that's their preference. And I've talked to Paul about
11 this, and Paul feels comfortable with his nylon reins.

12 COMMISSION VICE-CHAIRPERSON HARRIS: Actually, I
13 wonder what the break point of nylon is, because then we've
14 got the other end of the spectrum where we want them to
15 break at some point. Is that an issue?

16 MR. GRAY: That is in -- also it's in the
17 information, the tests that I supplied. On the nylon reins,
18 the buckle would break. The nylon wouldn't break over here.
19 Over time, you use them, and Paul can tell you, the
20 stitching might come off around here, but they're not going
21 to -- the nylon, the weather isn't going to deteriorate the
22 product to the point where it's going to break.

23 The nylon, when they go into the testing we did,
24 it was right at this buckle. Either the keeper would go and
25 this would end up -- come up.

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1 COMMISSION CHAIRPERSON SHAPIRO: We have one more
2 comment card, Jim Perez.

3 MR. JONES: Can I ask another question, do you
4 mind? Is there any indications of all the reins that have
5 been broken, is there any notifications of them being nylon?

6 MR. GRAY: Harness lines, on the harness. Darryl
7 would have to give you the answer on the thoroughbreds.

8 MR. JONES: In quarter horses or thoroughbreds, or
9 with jockeys?

10 MR. HAIRE: They've broken, Paul, but usually it's
11 at the end of the knot, where the --

12 MR. JONES: It's the buckle?

13 MR. HAIRE: The buckle or the buckle on the side
14 where --

15 MR. JONES: I brought a set of my reins to show
16 you and --

17 MR. HAIRE: And I've seen his. And if everyone
18 would have reins like this, it makes it safer, without a
19 doubt.

20 MR. JONES: These are safe, these reins are safe.
21 The thing is about nylon, in my opinion, and I know the
22 jockeys like the leather reins better because they're a
23 little easier for them to handle. The thing about nylon is
24 with a lot of force it will tear. Okay, and leather reins
25 will tear easier. But the problem, the nylon doesn't dry

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1 rot inside and tear easily. So the problem with the reins
2 that are breaking is leather that's rotten and it just
3 breaks very easily.

4 COMMISSION CHAIRPERSON SHAPIRO: So, Paul, you
5 consider that to be a safety rein; correct?

6 MR. JONES: Yes, I do.

7 COMMISSION CHAIRPERSON SHAPIRO: And there again
8 is the problem. That's the problem.

9 COMMISSION VICE-CHAIRPERSON HARRIS: Well, that
10 could be part of the definition, I guess.

11 MR. HAIRE: That is a safety rein, but we have
12 something that's safer, that has the backup. So you could
13 put the clip through there and let it --

14 COMMISSION CHAIRPERSON SHAPIRO: I understand
15 that.

16 MR. HAIRE: Okay.

17 COMMISSION CHAIRPERSON SHAPIRO: I think we all
18 understand that the issue is going to be how we can describe
19 it, and regulate it, and all the other things.

20 Mr. Perez, you've been patient.

21 MR. PEREZ: Thank you. The first thing is you
22 cannot compare harness to thoroughbred and quarter horse
23 racing, cannot compare the accidents that we've had.
24 Thoroughbred and quarter horses have far more greater
25 accidents than harness racing every imagined having in a

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1 month, and I've bred horses for 22 years, hundreds of
2 horses, so you can't compare the breeds.

3 Number two, as staff read your law, it states only
4 jockeys and exercise riders, she didn't read where it said
5 drivers.

6 Number three is our drivers buy their own race
7 bikes, six, seven thousand dollars. I want it on the
8 harness end of it -- if our drivers want to use those, they
9 can buy their own. They can bring them down and we can put
10 them on. As a trainer, we could put them on. They bring
11 their own race bikes, that cost 7,000, we put it on. Hey,
12 Jim, use my bike, okay. Why can't a jockey buy their own
13 lines and bring them down to use?

14 We have way more bits than quarter horses and
15 thoroughbreds do in a race because we have an over-check
16 bit. So we have two bits that are there in the mouth,
17 sometimes there's a chin strap. A lot of things come into
18 play. But we can't compare the breeds.

19 Number one, accidents wise, we have far less. And
20 number two, let the guys choose, if they want to use a
21 safety line, let them buy their own. That's on our end.
22 I'm not speaking for the thoroughbreds or quarter horses,
23 that's on our end, we'd rather be left out of it.

24 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

25 COMMISSION VICE-CHAIRPERSON HARRIS: Thank you.

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1 COMMISSIONER ANDREINI: Well, let me ask Paul a
2 question. Paul, would you object to the rein that they're
3 suggesting here?

4 MR. JONES: No, actually, I do not object to the
5 reins and I think it's a good idea what these gentlemen are
6 coming up with, I think the safety is important. But I
7 would object to the fact that people that are using nylon
8 reins, which I feel are safe, would have to replace them
9 with their safety rein. I believe the leather reins, it's a
10 very good idea what they're coming up with, with the leather
11 reins.

12 COMMISSIONER ANDREINI: Thank you.

13 COMMISSIONER MOSS: Mr. Chairman, I just wanted to
14 say that it seems the purchase of these reins is being taken
15 care of by Mr. Halpern, who mentioned that the workman's
16 comp is acquiring 110 sets of these reins, is that clear?

17 MR. HALPERN: Yes.

18 COMMISSIONER MOSS: And they're about to create a
19 study and see how it works in regard to the jockeys and the
20 trainers. I'm as much for safety as anybody, I just think
21 this is a jockey/trainer issue, and I just think for us to
22 create a mandate without quite understanding, completely,
23 the difference between nylon, and leather, and circumstances
24 involving both of those ingredients makes it very difficult
25 for us. I think it makes the Board liable, which I don't

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1 think we can afford to be in this situation. And I just
2 think it needs more study.

3 And I think, again, I agree with that gentleman
4 that if the jockeys want these reins, they should acquire
5 them and go to the trainers and ask them to use them, and it
6 should be a jockey/trainer situation. I think that would be
7 the safest way to do it, as far as I was concerned.

8 COMMISSION CHAIRPERSON SHAPIRO: All right. Well,
9 I think that we've had a full discussion on this and it
10 would be my recommendation that we go back, again, and I do
11 appreciate all the effort that you're putting forward, and I
12 don't want you to take this as a rejection, but I think that
13 we have to figure out what it is that we would be calling a
14 safety rein, and it just is going to take more study to
15 understand that. We have three different sets of reins on
16 that table right there, and yet each of them probably could
17 be deemed to be a safety rein.

18 And if we're talking about, a redundant attachment
19 that needs to be incorporated into a rein, you know, then we
20 have to say, well, that's what it is. But that rein may be
21 just as safe as that rein and that rein. And so I think
22 that we need staff to work harder and to work with you so
23 that we can perfect this down to a level that we can
24 quantify the issue in terms of the problem, we can take
25 advantage of the study that's going to be done with the 110

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1 or 120 sets that are going to be delivered, and then I think
2 the Board can deliberate and come to the right conclusion.

3 What I haven't heard here, from anybody, is that
4 anybody's opposed to trying to find the safest possible
5 rein, and protect the horses, the riders, the drivers, and
6 do what's in the best interest. We simply, you know, need
7 to be careful when we're going to mandate something and
8 we're not sure what that something is.

9 So it would be my recommendation to the Board, if
10 it's acceptable, that we not take action on this, but that
11 we come back after more time has elapsed and perhaps get
12 more information from staff.

13 Is that agreeable?

14 COMMISSION VICE-CHAIRPERSON HARRIS: I know
15 there's actually a thousand sets that are out there under
16 this trial. But I'd like to see us come back before too
17 long, if we can come back in August or something like that,
18 to have a date certain to make a decision, because this is
19 something that probably --

20 COMMISSION CHAIRPERSON SHAPIRO: Well, why don't
21 we -- I think it's important, but I would suggest that we
22 give a little more time for the cake to bake, so that we can
23 get these sets out there and we can get good feedback back,
24 and I don't think August is going to be in time.

25 COMMISSION VICE-CHAIRPERSON HARRIS: For me, I was

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1 worried about not so much of their breaking or not breaking,
2 but just if there's any negatives to them that would create
3 a problem. If there's no negative and it's all positive, I
4 can't see any reason not to do it.

5 COMMISSION CHAIRPERSON SHAPIRO: Well, why don't
6 we then try to shoot, if we could, for September, okay?

7 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah.

8 EXECUTIVE DIRECTOR FERMIN: I have a question.
9 Are the 110 that are coming, are they all the same kind or
10 is there going to be some mixture so that there might be
11 some preference as far as what trainers like or don't like?

12 COMMISSION CHAIRPERSON SHAPIRO: No, I think there
13 should be some mixture.

14 MR. BECK: I'd definitely like to be included, you
15 know, in that 110 sets or send another 110 sets of my own,
16 or whatever. Like I said, I've got all my testing right
17 here and I'd be more than glad to be a part of this.

18 COMMISSION CHAIRPERSON SHAPIRO: Mr. Beck, I think
19 we'd welcome that, and what I would suggest is that you get
20 together both with our staff, and also Mr. Halpern, to
21 coordinate this, so that we can get the best clinical trial
22 we can of safety reins.

23 Is that acceptable to the remainder of the Board?

24 COMMISSION VICE-CHAIRPERSON HARRIS: Just to
25 clarify, because the write-ups refer to a thousand sets, is

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1 that incorrect?

2 MR. GRAY: It is. Initially, it was going to be
3 1,200 sets, and then it was cut down to a thousand, and then
4 recent communication I received from Sonia, there was going
5 to be 110 sets, and that AIG was going to help subsidize the
6 purchase of the reins. So it's 110 sets.

7 COMMISSION CHAIRPERSON SHAPIRO: Well, perhaps we
8 can get 110 sets of yours, and maybe we can get 110 sets of
9 yours, and whatever else is on the marketplace, and let's
10 try to do as best we can. And Mr. Jones, maybe you can put
11 us in touch with people that make your reins, as well, for
12 you.

13 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, let's
14 make sure they get to all the different north, and south,
15 and quarter horse tracks, and everything.

16 COMMISSION CHAIRPERSON SHAPIRO: Right.

17 EXECUTIVE DIRECTOR FERMIN: And you want a rule
18 that's broad enough that could include whatever the
19 description --

20 COMMISSION CHAIRPERSON SHAPIRO: I think we're
21 going to need to have a rule that is not going to -- that
22 will accomplish the goal, but not be so narrow as to not
23 allow fair trade, competition and, you know, be impossible
24 to regulate.

25 COMMISSION VICE-CHAIRPERSON HARRIS: Are we going

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1 to take a break?

2 COMMISSION CHAIRPERSON SHAPIRO: All right, thank
3 you. We are now going to take a break. Why don't we take a
4 break for the next ten minutes and then we'll reconvene.

5 (Off the record.)

6 COMMISSION CHAIRPERSON SHAPIRO: It's 1:10 and we
7 want to get moving. Okay, moving on to the agenda, Item
8 Number 8, which is report and discussion by the Board
9 regarding the Senate Committee and Governmental Organization
10 that was held June 13th, a meeting concerning the California
11 Horse Race Board oversight, synthetic tracks, and racing
12 dates.

13 This item is really more of a notification, I
14 think, that what we wanted to simply do was tell you that
15 there was a very good hearing that was held by the Senate GO
16 Committee. I think that it was very informative, I think it
17 was useful, so that we could all be able to meet with some
18 key Legislators, get their views.

19 I think that the Board, those of us that
20 represented the Board there, expressed our interest in
21 working with the Legislature. We certainly recognize that
22 we need to work cooperatively with the Legislature to help
23 this industry, and that's all our common goal.

24 And so I think it was a very positive thing and
25 something that is appreciated, that those Senators reached

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1 out because they care about this industry, and caring about
2 this industry is what is important to us.

3 That transcript will also be available, we're
4 told, so that if anybody wants to read all the details of
5 the hearing, I think they'll be able to.

6 And I don't know if Commissioner Harris, you want
7 to add anything to that discussion?

8 COMMISSION VICE-CHAIRPERSON HARRIS: No, I thought
9 it was a good hearing and we covered a lot of points, and I
10 thought the Board came out of it -- we still need to get our
11 budget approved, I feel it's going to happen.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay, so we'll
13 move on, now, to Item Number 9. And that is a discussion
14 and action by the Board regarding the status of the Bay
15 Meadows Race Track and the Northern California racing
16 calendar.

17 This is a continuation of the discussion that we
18 had last month, and this also was subject to some discussion
19 at the GO Committee. I think that where we left it in the
20 prior -- at the prior meeting was that we expected and had
21 hoped that the Northern California racing associations were
22 going to confer and get together.

23 So I think there's basically two issues here. And
24 what I would like to do is, first of all, let's deal with
25 the Bay Meadows situations.

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1 We all know that it's a very difficult situation
2 that we've had over whether or not to grant Bay Meadows a
3 waiver. And I think there's been a misconception, at least
4 as it relates to me, personally, that I was opposed to a
5 waiver, which I'm not opposed to a waiver for a defined
6 period of time.

7 We certainly want to keep a cohesive, ongoing
8 racing program up in Northern California, that's our primary
9 goal, that's my primary goal. And, therefore, I think that
10 we should consider -- it would be my view that we should
11 consider granting a waiver for 2008 to Bay Meadows, because
12 we don't have an alternative plan in place, and we certainly
13 want to protect the racing through 2008.

14 So I think that what we might want to look at
15 doing is granting a waiver for 2008, which will at least
16 take some of the uncertainty out of Bay Meadows
17 necessitating to close, so that's their choice.

18 So perhaps we want to hear -- I see Bernie's
19 sitting here, I don't know if you want to add anything to
20 that, Bernie, or anybody else --

21 COMMISSION VICE-CHAIRPERSON HARRIS: Should we
22 just -- I think the waiver doesn't really impact the racing
23 dates directly, until those dates are discussed at the Dates
24 Committee and it has to come to the Board. But just to get
25 it off the table, I'll move that Bay Meadows be granted a

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1 waiver of the synthetic track mandate for 2008.

2 COMMISSION CHAIRPERSON SHAPIRO: Okay. Would
3 there be a second to the motion?

4 COMMISSIONER MOSS: I think there needs to be some
5 more discussion of it.

6 COMMISSION VICE-CHAIRPERSON HARRIS: Oh, yeah,
7 then we go to the discussion.

8 COMMISSION CHAIRPERSON SHAPIRO: We're going to go
9 to discussion in a second.

10 MR. GRAY: I think Derry --

11 DEPUTY ATTORNEY GENERAL KNIGHT: Mr. Chairman,
12 could I comment on that?

13 COMMISSION CHAIRPERSON SHAPIRO: Well, can we --
14 he's made a motion, should we not get a second?

15 COMMISSIONER ANDREINI: I'll second it.

16 DEPUTY ATTORNEY GENERAL KNIGHT: Oh, go ahead,
17 that's fine.

18 COMMISSION CHAIRPERSON SHAPIRO: Was there a
19 second?

20 COMMISSIONER ANDREINI: I'll second.

21 COMMISSION CHAIRPERSON SHAPIRO: Okay,
22 Commissioner Andreini has seconded it.

23 DEPUTY ATTORNEY GENERAL KNIGHT: Well, the concern
24 I have, Commissioners, is the agenda item, I don't believe,
25 properly tenders that issue. I don't believe that you have

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1 the authority, under this agenda item, to waive the
2 synthetic track. It simply says "status of Bay Meadows Race
3 Track and the racing calendar." It doesn't have -- there's
4 no reference to the synthetic track. So I would just be
5 concerned that it's not been noticed to address that issue.

6 COMMISSION CHAIRPERSON SHAPIRO: Okay. So are you
7 recommending that we not then have a motion or an action
8 with respect to that at this meeting?

9 DEPUTY ATTORNEY GENERAL KNIGHT: Well, I hate to
10 give this kind of advice in a public meeting, but I think
11 that there's an issue here with Bagley-Keene compliance,
12 yes, if you take that action.

13 COMMISSION VICE-CHAIRPERSON HARRIS: Could we take
14 some action that there was a sentiment or that the Board was
15 willing to consider a waiver at a future meeting or --

16 DEPUTY ATTORNEY GENERAL KNIGHT: Absolutely. I
17 think that you can address that, you can get all around that
18 issue, but I think to formally waive the synthetic track
19 issue under this agenda item would, I think, raise some
20 issues under Bagley-Keene.

21 COMMISSION CHAIRPERSON SHAPIRO: Okay. Well, then
22 if that's the case, why don't we then have a discussion and
23 perhaps we can hear from each of the Commissioners what
24 they'd like to hear and what their views are.

25 Commissioner Moss, you said you wanted to have

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1 some discussion.

2 COMMISSIONER MOSS: I would like to know the
3 status of the Golden Gate track and what's happening there
4 insofar as the synthetic achievement on that racetrack is
5 concerned. Is there a report on that so we can have some
6 reference of what's going on in Northern California? We
7 don't, I mean, have any idea so far.

8 COMMISSION CHAIRPERSON SHAPIRO: Mr. Hartman, will
9 you come forward and then perhaps Drew can start hobbling up
10 here to discuss Northern California, what's happening with
11 respect to race dates -- you know, the discussions that have
12 been ongoing up there, and anybody else who wants to, should
13 weigh in on that.

14 Mr. Hartman, how are you?

15 MR. HARTMAN: Hi, I'm great. Thank you.

16 Mr. Chairman, Commissioners, as you're aware,
17 Golden Gate Fields has worked over the last year with the
18 City of Albany, trying to get a permit for the installation
19 of the engineered surface. We were expecting a call this
20 morning from the City, I called the City during the break,
21 they assured me that a decision on our permit would be made
22 today, by the end of the day, so that is the good news.

23 The concern that we still have is the appeals
24 process and the timing of that. There are people that
25 represent the Sierra Club, and other groups, that have made

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1 their intentions clear that they will appeal the City staff
2 decision, which is not good for us from a timing stand
3 point.

4 So I still think we have a shot to get the track
5 in this year, we need everything from this point forward to
6 go our way. We need a quick appeals process, if that does
7 come to pass. We need all of our suppliers, and vendors,
8 and contractors, who we still have lined up, ready to go for
9 the project, not to have any snags at this stage. And if
10 there are any hiccups between now and let's say August 1st,
11 we will not be able to get the project done this year and
12 we'll have to delay it until next year. Obviously, that is
13 not our hope, it is not our intention, we are still moving
14 ahead as if we're going to install the project this summer,
15 but I can't guarantee that just based on the uncertainties
16 out there.

17 COMMISSION VICE-CHAIRPERSON HARRIS: The material
18 that you would put in where, physically, is that material
19 now?

20 MR. HARTMAN: It's back east.

21 COMMISSION VICE-CHAIRPERSON HARRIS: So it hasn't
22 been shipped out here, yet?

23 MR. HARTMAN: They haven't shipped it out. The
24 first part of the project is the construction project, so it
25 does give the Tapita folks some time to mix the product,

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1 which they would do out here on the west coast. But the
2 materials have been purchased and they are on the east
3 coast.

4 COMMISSION CHAIRPERSON SHAPIRO: And what about
5 all the plumbing, or the drainage, and the rail, and all
6 that, has all that been ordered?

7 MR. HARTMAN: We have the new rail on site at
8 Golden Gate Fields, on our property. The rock and drainage
9 has not been purchased. We would need to do that. We met
10 with our contractor last week and they need a minimum of two
11 weeks notice, they would prefer three or four weeks notice
12 to pull a team together, get the supplies that they need.
13 I'm not really concerned about the subsurface, I'm more
14 concerned about the Tapita, and getting it shipped out here,
15 and the timing of that and mixing that material.

16 COMMISSION VICE-CHAIRPERSON HARRIS: How long of
17 an appeals time, say all the rules today, what's the window
18 for appeals?

19 MR. HARTMAN: It's 14 days. So we have 14 days
20 until we would know if somebody appealed or not.

21 COMMISSION CHAIRPERSON SHAPIRO: So assuming
22 somebody waits until the 13th day to appeal, what is the
23 period then -- what's the process thereafter?

24 MR. HARTMAN: There are two possible processes,
25 and the City has not made clear which one, which path they

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1 would go down. The first possible process is going to
2 planning and zoning first, and then that decision could be
3 appealed to the city council. That is one possible process.
4 So it would be two weeks to planning and zoning and then
5 another two weeks to the city council.

6 The City may decide that this issue can go
7 directly to city council, and not go to planning and zoning,
8 which is our lawyer's belief is the way that the code is
9 written.

10 COMMISSION CHAIRPERSON SHAPIRO: Could you -- to
11 expedite it, could you file an appeal -- in other words,
12 let's say that the staff -- you got where I'm going?

13 MR. HARTMAN: Yeah, and we've discussed that
14 internally. The way the city council calendar falls, it
15 really wouldn't help that much. We would still be looking
16 at a meeting in mid-July no matter what.

17 COMMISSION CHAIRPERSON SHAPIRO: So but mid-July
18 would be the council meeting?

19 MR. HARTMAN: If we went directly to council,
20 correct.

21 COMMISSION CHAIRPERSON SHAPIRO: Okay, so if you
22 go directly to council and mid-July they take action, so are
23 there any other appeals or --

24 MR. HARTMAN: There are other complications, and
25 I've learned more lingo than I didn't want to learn about,

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1 about permits, and contracts, and all that stuff. But BCDC
2 needs to give us a permit as well. They could not start
3 their process --

4 COMMISSION CHAIRPERSON SHAPIRO: What's the --

5 MR. HARTMAN: That's the Bay Conservation
6 District.

7 COMMISSION CHAIRPERSON SHAPIRO: Okay.

8 MR. HARTMAN: So they have to issue a permit, as
9 well.

10 COMMISSION CHAIRPERSON SHAPIRO: Have you applied
11 for that permit?

12 MR. HARTMAN: We could not apply for that permit
13 until the lead agency, which is the City of Albany, have
14 made their determination. So, hopefully, if that comes
15 today, last night I signed all the paperwork for the BCDC
16 permit, knowing that a decision from the City was
17 forthcoming, that application will go to BCDC.

18 Our lawyers have talked to them, the City of
19 Albany has talked to them as well, they have not indicated
20 they have any issue with this project. But again, there
21 could be a complication there that's unforeseen.

22 COMMISSIONER CHOPER: How about a judicial appeal?

23 MR. HARTMAN: Injunction, yeah, absolutely.

24 COMMISSIONER CHOPER: They can do that.

25 MR. HARTMAN: Yeah.

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1 COMMISSIONER CHOPER: Do you know people who are
2 going to do that?

3 MR. HARTMAN: No, no.

4 COMMISSIONER CHOPER: Do you know -- you have no
5 reason to believe that anyone will at this point?

6 MR. HARTMAN: Correct.

7 COMMISSIONER CHOPER: Obviously, you don't know
8 everything, but no -- the people who are raising objections
9 before have been satisfied?

10 MR. HARTMAN: Correct. I think they want to take
11 this to the city council level.

12 COMMISSIONER CHOPER: And that's it.

13 MR. HARTMAN: Yeah, and that's it. And, you know,
14 the City staff has worked on this for close to a year, the
15 level of detail they have went into this process, actually,
16 I think will help us on appeal just because they put so much
17 work into this.

18 Every report that we've done has been peer
19 reviewed by their experts. They've hired outside counsel, a
20 group called Shoot Mahali, (phonetic) which is one of the
21 most well-respected legal firms in the Bay Area, especially
22 when it comes to environmental issues, they represent the
23 Sierra Club. So they've really dotted their i's and crossed
24 their t's on this. And I think if it does come down to an
25 appeal, the city council will support the good work of their

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1 staff.

2 COMMISSION CHAIRPERSON SHAPIRO: So let me just
3 ask another question, and I'm trying to find a racing
4 calendar. So that we wouldn't have to wait a full 'nother
5 year, would it not be possible to -- what would happen
6 if -- as I understand it, Bay Meadows closes on November
7 4th, is that -- I think that's right.

8 MR. HARTMAN: That's correct.

9 COMMISSION CHAIRPERSON SHAPIRO: Okay, and you
10 start on the 7th through the 17th. Would it not be possible
11 with Bay Meadows to trade some days at the end of this year,
12 if Bay Meadows was willing to do that, so that to get
13 through this process perhaps the Bay Meadows meet -- and I
14 know this is off the top of your head, Bernie, okay, I'm
15 staring at you. What about if the Bay Meadows meet would
16 continue and just trade some dates so that it would help
17 Golden Gate have the time to put in this track? Would that
18 be something that maybe would be a creative way to
19 accommodate and help them, and also work with you?

20 COMMISSION VICE-CHAIRPERSON HARRIS: Well, I'm not
21 sure, is there weather constraints, is there some reasons
22 these have to be put in, in the summer, or can they be
23 conceivably put in at any time?

24 MR. HARTMAN: Obviously, during the non-rainy
25 season is the optimal time to install the surface, but I

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1 think we can come up with creative solutions. It would take
2 creative solutions in 2008, as well, because there are a
3 maximum number of days that we're currently allowed to
4 operate. So if we took two or three weeks this year, we
5 would want to make up those two or three weeks in 2008 and
6 that may have us go above the 22-week maximum. So I think
7 we would have to address those issues, as well.

8 COMMISSION CHAIRPERSON SHAPIRO: Bernie, will you
9 come up and chat with us? I know you like to be on the
10 spot.

11 MS. THURMAN: Yeah, this is great.

12 COMMISSION CHAIRPERSON SHAPIRO: I know. What
13 about would it be possible, do you think, to work out
14 something that could help Golden Gate and cooperatively find
15 a way that might allow them, if they get a later start than
16 was anticipated, so that -- and make it up next year in
17 terms of equalizing the dates or something like that?

18 MS. THURMAN: Absolutely, we'd be willing to work
19 with Golden Gate to do that.

20 MR. HARTMAN: Ron and I have already had this
21 conversation.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay, so I'm way
23 behind, I'm way late, okay.

24 MR. HARTMAN: I mean, we're hoping it doesn't come
25 to that. We're hoping that the City takes action --

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1 COMMISSION CHAIRPERSON SHAPIRO: I just don't want
2 to see that we're sitting here years from now hoping to have
3 things in place, I think we want to do this earlier than
4 later.

5 COMMISSION VICE-CHAIRPERSON HARRIS: Is there
6 anything at this point you can do to expedite that city
7 council hearing, I mean, could they just have a special
8 meeting or something, rather than wait for their normal
9 meeting?

10 MR. HARTMAN: I think calls from the Board or
11 letters from the Board would go a long way to help us.
12 We've met with our Assembly people and Senators, and tried
13 to --

14 COMMISSION CHAIRPERSON SHAPIRO: Who's your
15 Senator?

16 MR. HARTMAN: Perata is our local Senator. We
17 have not met with him, but we have met with other Senators
18 in the general area. But we had met with Loni Hancock,
19 who's our Assembly person.

20 And the question is -- you know, the political
21 pressures on the City have not succeeded to date. The other
22 thing that's happening, just in full disclosure, is that the
23 City of Berkeley, right next door, needs dirt for their ball
24 field, and the dirt from our racetrack would be ideal for
25 that. So I think the estimation of us giving the City of

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1 Berkeley, which we would donate to them, our dirt, is about
2 a quarter of a million dollar savings for the City of
3 Berkeley.

4 So that, again, would help everybody out in this
5 process is if we're able to expedite this and get the dirt
6 to Berkeley right away it would be a win/win -- we wouldn't
7 have to ship the dirt off site and the City of Berkeley
8 would get a quarter of a million dollars of dirt that's
9 needed.

10 COMMISSION CHAIRPERSON SHAPIRO: Well, unless
11 anybody else has some great ideas, I think that we all ought
12 to try to use whatever we can to help you get it in as early
13 as possible.

14 Thank you, Bernie.

15 Commissioner Moss?

16 COMMISSIONER MOSS: Yeah, Mr. Chairman, I just
17 want to -- it doesn't seem as if, at this stage, that
18 they're going to commence work on their track by July 20th,
19 which I believe was the cutoff date for Golden Gate to be
20 successful in installing a synthetic racetrack.

21 I just wanted to make a mention that, you know, we
22 had tremendous support for the Board's decision to not grant
23 the waiver, you know, everyone from the fairs, the State
24 fairs, the trainers, Fairplex, Magna, Oak Tree, TOC, Del Mar
25 all supported our decision, which was basically support for

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1 the synthetic racetracks. And I appreciate, you know,
2 everyone's support in that area.

3 And I'm suggesting that we certainly have to be
4 practical, as well, and we can't close down Northern
5 California. So in light of that, I would just suggest, you
6 know, expanding the mandate to include Golden Gate and Bay
7 Meadows for one year, and I would do that. Thank you.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay.

9 MR. CHARLES: Ron Charles, MEC. We are still
10 cautiously optimistic that we are going to get in the track
11 this year and before we would do something like that, we
12 certainly would hope that we would get every opportunity to
13 try to have the track installed to show that we've spent a
14 significant amount of money to be in the position we are
15 right now.

16 And I can tell you, no one's tried harder than we
17 have to try to work with the City and to get this done.
18 You're literally talking about two or three people who
19 have -- you know, who are attempting to stop this. And we
20 plan to use or exhaust every avenue in order to get this
21 surface in this year.

22 So I would be hesitant for the Board to take a
23 position premature when we still are, as I say, cautiously
24 optimistic. Certainly, at this time next month, we're going
25 to be able to tell you whether or not we will.

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1 COMMISSION VICE-CHAIRPERSON HARRIS: I'd hate to
2 see us do a blanket waiver for both tracks until we just
3 know that's the only thing we can do.

4 MR. CHARLES: And that's all I'm asking for,
5 that's all I'm asking for.

6 COMMISSION VICE-CHAIRPERSON HARRIS: Because Bay
7 Meadows is a different situation in that there's no -- their
8 problem is they don't have any certainty on how long they're
9 going to be there, and they don't want to put a synthetic
10 track in for one year. But Golden Gate's going to be there
11 a long time and it makes a lot of sense to do it.

12 MR. CHARLES: It does. And, again, I hope the
13 Board understands how hard we are trying to get it in this
14 year. Believe me, we would have already been halfway
15 through, you know, had we not been looking at the problems
16 we are.

17 COMMISSION VICE-CHAIRPERSON HARRIS: How long does
18 it take from the time you start -- because there will be a
19 lot of different gaps that you could possibly put it in even
20 next year, what do you think it will take from the time,
21 assuming the weather's not too unfavorable, to get it in,
22 like 60 days or --

23 MR. HARTMAN: The City also has regulations about
24 hours of construction. I'm sure, based on what I said
25 earlier, that doesn't come as a surprise. Right now, it's

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1 8:00 a.m. to 6:00 p.m. If we were able to extend that, we
2 would be able to install the project quicker. Right now it
3 would be about a three-and-a-half-month to four-month
4 project.

5 If we were able to work some 24-hour days, I
6 believe Del Mar was able to do that, if we were able to work
7 a little later in the day and start earlier in the day, we
8 could probably cut that down to two and a half months to
9 three months.

10 COMMISSIONER MOSS: Before we just allow this
11 mandate to be waived in some way, can anyone explain this,
12 will this be Bay Meadows' last year in operation in 2008, do
13 we know that, or is that for certain or --

14 COMMISSION CHAIRPERSON SHAPIRO: Perhaps somebody
15 from Bay Meadows --

16 COMMISSIONER MOSS: Because I think we're also
17 approaching uncertainty here and I'd like to know that.

18 COMMISSION CHAIRPERSON SHAPIRO: Oh, I didn't see
19 Mr. Liebau sitting there.

20 MR. LIEBAU: Jack Liebau, from Bay Meadows.

21 THE REPORTER: You have to come to the microphone,
22 sir, I'm sorry.

23 MR. LIEBAU: Jack Liebau, from Bay Meadows. I've
24 always dreaded that question because it's been postponed
25 year after year, but I think in all honesty I have to say

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1 that it's more likely than not that 2008 will be Bay
2 Meadows' last year.

3 COMMISSIONER MOSS: Thank you.

4 COMMISSION CHAIRPERSON SHAPIRO: Okay. Before you
5 get away, Mr. Liebau, would you -- does that include that
6 you think that Bay Meadows will be available to race and be
7 available for racing and training throughout the entire
8 year, do you know?

9 MR. LIEBAU: Well, I think to answer that
10 question, which has been put to me by a number of people,
11 and very persistent questioning, I don't think there will be
12 any way in hell that dates will be allocated to Bay Meadows
13 that we will not undertake to run those dates.

14 COMMISSION CHAIRPERSON SHAPIRO: That wasn't the
15 question I was asking.

16 (Laughter.)

17 MR. LIEBAU: You know the question you were
18 answered and you know what I said. I think that, you
19 know --

20 COMMISSION CHAIRPERSON SHAPIRO: What I'm saying
21 is --

22 MR. LIEBAU: I have said before in the hearing,
23 and I was questioned about this by Senator Flores, we would
24 prefer to run as early as possible in the year. We also
25 acknowledge that although we do not have a contractual

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1 obligation at this point in time to the San Mateo County
2 Fair, we're aware of the fact that they run in late August
3 and we feel that we have a moral obligation to allow them to
4 run at that time.

5 Now, it appears that once you get by June 30th it
6 doesn't make much difference as far as how many days we run.
7 But I mean, we certainly are willing to do whatever is in
8 the best interest of racing, and that includes the answer
9 that Bernie Thurman just gave you that, you know, if
10 necessary, we'll swap dates with Golden Gate Fields in order
11 to permit them to put in their track which is of extreme
12 importance to Northern California.

13 In other words, we want to be as cooperative as we
14 can.

15 COMMISSION CHAIRPERSON SHAPIRO: And I appreciate
16 that. And I appreciate that and I'm not trying to pin you
17 down on anything.

18 MR. LIEBAU: You're doing a pretty good job.

19 COMMISSION CHAIRPERSON SHAPIRO: I'm simply trying
20 to look at how much notice the industry will have, the
21 horsemen, the people that live at Bay Meadows, that care for
22 the horses, how much notice can they have and can the
23 industry have, given what you've said, which is it's -- if
24 you were a betting man, you would bet that Bay Meadows is
25 not going to race beyond 2008. And I'm trying to figure

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1 into that, so that as we move towards dates, and as we also
2 have to figure out stabling and housing, how much notice
3 will there be to prepare for the consequences of when that
4 date is going to begin?

5 MR. LIEBAU: We will know that in August or
6 September of 2007, when dates are allocated. Because as
7 I've said, the dates, once they're allocated to Bay Meadows,
8 we will do everything to run.

9 Now, I mean, if there's some earthquake, or
10 something like that, you know, act of God --

11 COMMISSION CHAIRPERSON SHAPIRO: Oh, we're not
12 talking about the force majeure.

13 MR. LIEBAU: Okay, you know.

14 COMMISSION CHAIRPERSON SHAPIRO: We're not talking
15 about the force majeure, we're talking about things that are
16 in our control.

17 MR. LIEBAU: But other than that, yes, so I mean
18 you will have something in August of 2007.

19 I think that the industry in Northern California
20 is interested in having the barn area available as long as
21 possible.

22 COMMISSION CHAIRPERSON SHAPIRO: Correct.

23 MR. LIEBAU: And we would have some arrangement
24 where we would give sufficient notice that the barn was not
25 going to be available after whether it's two months, three

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1 months, or four months like that. Or, you know, as the barn
2 area can be available as long as horses are not endangered
3 by reason of the dismantling of the grandstand. The first
4 thing that has to happen is that asbestos has to be removed
5 from the grandstand, which is inside the structure, itself.
6 So I would assume that we could continue to have the barn
7 area during that period of time.

8 Now, if they start, you know, dropping girders and
9 things like that, that can startle horses, then no. But I
10 guess to answer your question, we will know in August or
11 September of 2007 when your dates are allocated.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay, and what
13 I'm trying to figure out in my mind is whose -- what's
14 driving the bus? Is the process for the real estate
15 development driving the bus, or are the dates that we
16 allocate driving the bus with respect --

17 MR. LIEBAU: I would say this, that at this point
18 in time the real estate is not driving the bus. It would be
19 from a real estate point of view, and these figures could be
20 available to you, it would be better to just probably shut
21 down as far as the rate of return is concerned. That is
22 certainly true of going past June 30th. But we have said
23 that we would go past June 30th because of the obligations
24 we have to the fair.

25 COMMISSION CHAIRPERSON SHAPIRO: Okay.

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1 COMMISSIONER CHOPER: The last time, the last
2 meeting you indicated that you were going to sit down with a
3 group of others --

4 MR. LIEBAU: Right.

5 COMMISSIONER CHOPER: -- Golden Gate, the fairs,
6 and as I recall, the horsemen's association. So has that
7 meeting taken place?

8 MR. LIEBAU: That has taken place and I think that
9 everybody would sort of agree that things are just premature
10 at this point in time. There were things that were being
11 tried in Northern California with respect to the San Joaquin
12 Fair and not being overlapped, and it's just now taking
13 place. There was a week that is going an extra week from
14 Solano, that's going to Santa Rosa, we don't know how that
15 will work out. You know, if that didn't work out, I would
16 think that some attention would be given to the possibility
17 of some of the fairs running their meetings, if it didn't
18 work at Santa Rosa, running them at Golden Gate Fields.

19 I think that all of those options are still open.

20 COMMISSIONER CHOPER: So do you have any notion of
21 when, along the way, that the group that got together will
22 come up with a proposal of some sort?

23 MR. LIEBAU: I understand that they're meeting
24 again on Thursday.

25 COMMISSIONER CHOPER: This Thursday.

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1 MR. LIEBAU: This Thursday.

2 COMMISSION CHAIRPERSON SHAPIRO: You know, one of
3 the things that's important for us to recognize is that,
4 hopefully, one of these tracks that's currently a fair
5 track, that would have more dates, they want to put in a
6 synthetic surface. Pleasanton clearly has said they want to
7 and that's their desire. And I'm not saying that the others
8 haven't also, Santa Rosa, or even if Sacramento wanted to go
9 to the thoroughbreds.

10 But it's going to take them time and they've got
11 to figure out how to finance it, and that's why the timing
12 and the knowledge of when this will occur is so critical so
13 that they can plan ahead and arrange, line up the financing,
14 and the construction work, and the barns, and all this. You
15 know, it's not --

16 COMMISSIONER CHOPER: Certainly, the long-term
17 planning, of course, is critical to continuing. But if you
18 think that with the -- let's say by our next meeting, this
19 Board's next meeting there's a good chance that you'll come
20 in with a proposal, with the concurrence of Golden Gate, and
21 the fairs, and the horsemen's association, that would be
22 very reassuring.

23 MR. LIEBAU: I think that that's the objective.

24 COMMISSIONER CHOPER: That's the objective?

25 MR. LIEBAU: Yeah.

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1 COMMISSIONER CHOPER: Okay.

2 COMMISSION CHAIRPERSON SHAPIRO: Mr. Bachman.

3 MR. BACHMAN: Tom Bachman, TOC, Northern
4 California Vice-Chair. I have been involved, as have the
5 fairs and the two majors up north, working on a calendar.
6 We spent a couple days working on a calendar with no Bay
7 Meadows, and now we will work on a calendar including Bay
8 Meadows.

9 Personally, Golden Gate Fields, I think, has a
10 tremendous task in front of it for the synthetic track.
11 BCDC is a very powerful organization. You probably also
12 have water quality and if you get real unlucky, you also
13 have the Army Corp of Engineers.

14 So I really think that we're looking at the 2008.
15 In an ideal world, we could swap some dates out and Bay
16 Meadows could cover through the fall and Golden Gate would
17 get more dates in '08.

18 But another part of that is that Vallejo, the
19 Solano County Fairgrounds was to be the temporary stabling
20 of the horses that are normally at Golden Gate. In Vallejo,
21 one of the downfalls of that fairgrounds has been is that
22 there's no drainage there, whatsoever. And the chance of
23 that fairgrounds being able to handle overflow during the
24 rainy season, even if Golden Gate were to be able to put
25 their track in, is nil, because it is a very, very bad adobe

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1 barn area in the rainy season, you just couldn't go there.

2 So you have an overflow problem, as well.

3 We meet this Thursday with the Steering Committee
4 on the dates for '08 and, obviously, we have two or three
5 different scenarios that we're going to have to work
6 through. One, if Golden Gate is able to put in their
7 synthetic track is one scenario. If they can't is another
8 scenario.

9 And I think that knowing the group of people, it
10 will be very difficult to get done in 30 days.

11 But I would like to make the proposal that if, in
12 fact, it can't be settled by the 1st of August, and there is
13 no installation of synthetic track at Golden Gate Fields,
14 that we just revert to the 2007 calendar, and everybody
15 lives with it, so that you have essentially something in
16 place that everybody knows works.

17 And I know that might put a bit of a strain on Bay
18 Meadows but if they, in fact, don't want to do that, then
19 that is in fact the drop dead closing date and the industry
20 can move forward in Northern California.

21 Because the Pleasanton, and the others who want to
22 step up to the block simply cannot do it on a gamble, of
23 whether it's a ten-to-one or two-to-one as to when they're
24 going to close, they have to have a definite date for which
25 they're going to close so that they can borrow money and

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1 move forward.

2 And understand, these people will also have the
3 permit process and the window of whether to install their
4 track as well. Because we have a definite rainy season in
5 Northern California and it is very, very difficult to get
6 construction, to move materials, or to stable horses in
7 auxiliary grounds during the rainy season.

8 So if we can't arrive at some dates for '08 by the
9 1st of August, we should revert to the '07 calendar. If Bay
10 Meadows says they can't live with the '07 calendar, then
11 that will become the drop dead date and on we go.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay. Well,
13 Mr. Bachman, I think -- I appreciate those statements and
14 what I would suggest is that we come back, and that at our
15 next meeting let's expect a report, let's expect to hear
16 from all of the parties up north, the fairs, TOC, Golden
17 Gate, Bay Meadows, and see what consensus we can come up
18 with that addresses Commissioner Choper's issues, and I
19 think Commissioner Moss.

20 And it would be my recommendation that you --
21 maybe that's what we do, but I don't think we need to decide
22 that today.

23 MR. BACHMAN: Well, in the good world and
24 hopefully we can, we all sit down as reasonable people and
25 work out a calendar that benefits everybody and on we go.

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1 And I truly hope that that's what happens.

2 COMMISSION CHAIRPERSON SHAPIRO: I think we're all
3 in agreement, we need to find a plan, an action plan that
4 will allow the industry to move forward and have a future up
5 in Northern California, and I think that everybody's united
6 on that.

7 Mr. Korby, do you have something to add to that?

8 MR. KORBY: I do. I just want to assure the Board
9 that the racing fairs in Northern California are fully
10 engaged in this conversation, participating with the other
11 stakeholders in this.

12 And I think your comment, Mr. Choper, was
13 accurate, there are shorter term issues, transitional
14 issues, and longer term issues that we're all wrestling
15 through. And working through all the complications of those
16 is not easy, but we're -- we, fairs, are committed to racing
17 for the long run and we want to be actively involved in
18 this.

19 COMMISSION CHAIRPERSON SHAPIRO: I think we know
20 that. Thank you. Thank you.

21 Now, what did I say wrong?

22 MR. LIEBAU: Nothing, I just wanted to point out
23 that, you know, everybody's going to do their best to work
24 this out, but reverting to the 2008 calendar does have some
25 problems --

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1 COMMISSION CHAIRPERSON SHAPIRO: 2007.

2 MR. LIEBAU: Well, reverting -- yeah, in 2008
3 reverting to the 2007 calendar, there is a wild card and the
4 wild card's Cal-Expo, and that would have to be dealt with
5 one way or the other.

6 COMMISSION CHAIRPERSON SHAPIRO: Well, again, I
7 think what we're looking at is let's see what you can
8 accomplish, the three of you, plus Golden Gate, over the
9 next 30 days, or 30 some odd days, come back to the Board,
10 and at which point, you know, we're going to have to pick a
11 horse to ride. We all have to, this industry has to. And
12 once we pick that horse to ride, we'll know what direction
13 we're going so that we make sure we're riding into the
14 future and not, you know, going to be riding into a bunch of
15 horse stuff.

16 MR. LIEBAU: It's always tough when you pick a
17 horse.

18 COMMISSION CHAIRPERSON SHAPIRO: Well, at certain
19 points in time that's our business, we all have to pick one.
20 Thank you very much.

21 MR. LIEBAU: Right. Can we have some -- can
22 Mr. Knight come up with some resolution or some action that
23 can be taken here?

24 COMMISSION CHAIRPERSON SHAPIRO: Well, I'm all for
25 that, Mr. Liebau, but let me just ask it in a different way.

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1 Is there anybody, who's presently at this Board meeting,
2 that would have a problem providing a one-year waiver for
3 2008, and although this is not binding, that they would be
4 willing to grant a one-year waiver to Bay Meadows for 2008?
5 Is there anybody on the Board who has a problem with that?

6 COMMISSIONER CHOPER: It seemed to me that the
7 discussion we had last time was on condition that they
8 operate for the allocated number of dates that they're now
9 trying to achieve. And I guess I sensed last time that
10 there was -- maybe I was wrong, I sensed last time that
11 there was a general sympathy with that point of view.

12 COMMISSION CHAIRPERSON SHAPIRO: I think you're
13 correct, you're correct, Commissioner. However, there are
14 two issues. One is granting a waiver, which is essentially
15 saying that we are not going to require them to put in the
16 synthetic surface. The second issue are the dates. We're
17 not deciding any dates by simply agreeing that, okay, for
18 2008 we're not going to require them to put in the synthetic
19 track. That's all the issue is, it's very narrow.

20 COMMISSIONER MOSS: Well, Mr. Chairman, just one
21 suggestion, I would only just preclude the waiver by adding
22 the small sentence, because of the uncertainty surrounding
23 the installation of the racetrack in the -- of the synthetic
24 track at Golden Gate.

25 COMMISSION CHAIRPERSON SHAPIRO: Well, what I was

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1 trying to do is not include Golden Gate in that just yet.
2 We may have to do that. I'm hoping we don't have to do
3 that, and I thought representatives from Magna spoke and
4 said you don't need to do that, yet, and I wouldn't want to
5 take any pressure off of any regulatory body in feeling that
6 they are -- there is some need for them to do it.

7 And so I would prefer that we just narrowly
8 address this to Bay Meadows at this moment in time, unless
9 there's some objection to that. We can always do that.

10 COMMISSIONER MOSS: Well, to me, it's just a
11 complete about face to what the Board voted on. I'm just
12 against that. I mean, I think we have to be consistent, we
13 voted not to grant the waiver. If there's circumstances
14 because we're now granting a waiver, other than political,
15 we should cite them and explain them, that's all. That's
16 all I'm saying.

17 COMMISSION VICE-CHAIRPERSON HARRIS: Well, I think
18 we could explain the logic of granting it for one year. The
19 original request was a two-year waiver, now we're down to a
20 one-year waiver. Originally, there was some thought that,
21 you know, other tracks could step up to the plate.

22 But as we've investigated it, there's no other
23 track out there that's going to have a synthetic surface,
24 except for Golden Gate, hopefully. So I think we've got a
25 reasonable reason to change our mind, basically, and there's

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1 no place else to go is the problem.

2 COMMISSIONER MOSS: Well, and I think that should
3 be included in the motion, that's all.

4 COMMISSION VICE-CHAIRPERSON HARRIS: Well, I think
5 we need to put it on the agenda for the next meeting and
6 see.

7 COMMISSION CHAIRPERSON SHAPIRO: All right, maybe
8 I didn't quite follow. But again, since we're not going to
9 be able to take action, what I was trying to do was provide
10 some comfort for you, that the Board was inclined, in light
11 of the circumstances, to provide a one-year waiver on
12 installing a synthetic track at Bay Meadows.

13 Now, I'm not sure if I understand --

14 COMMISSIONER MOSS: That's fine, in light of
15 circumstances. That's fine.

16 COMMISSION CHAIRPERSON SHAPIRO: So that's, I
17 think, as far as we can go.

18 MR. LIEBAU: No, I appreciate that, thank you very
19 much.

20 COMMISSION CHAIRPERSON SHAPIRO: Okay. So why
21 don't we leave it at that, we will come back. But, again,
22 we're not talking about the dates as part of that
23 discussion. Okay?

24 All right, Ed Halpern, I have a comment card for
25 you, do you --

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1 COMMISSION VICE-CHAIRPERSON HARRIS: If we're not
2 going to make any decision on this now, could we just move
3 on?

4 COMMISSION CHAIRPERSON SHAPIRO: Yeah, why don't
5 we just --

6 COMMISSION VICE-CHAIRPERSON HARRIS: Let's just
7 move on.

8 COMMISSION CHAIRPERSON SHAPIRO: If we're not
9 going to take action, we'll just defer it to our next
10 meeting.

11 COMMISSION VICE-CHAIRPERSON HARRIS: Let's go to
12 the next item.

13 COMMISSION CHAIRPERSON SHAPIRO: I think you're
14 right. Thank you. Sorry.

15 Okay, the next item, Item Number 10, discussion
16 and action by the Board regarding the status of the
17 shortfall payable to the State by the Racing Association of
18 Fairs, pursuant to the B&P Code 19616.51.

19 MR. ZAVALA: Commissioners, Roberto Zavala, CHRB
20 staff. Item 10, the status of the \$1.5 million shortfall.
21 Horse racing revenue comes primarily from license fees
22 imposed on the amounts wagered by the public. The State's
23 charge of horse revenue is either deposited to the State's
24 General Fund or to a Special Fund.

25 Some of these Special Funds include the F&E Fund,

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1 which is Fund 191, Satellite Wagering Account Fund, 192, and
2 the Equine Research Fund, 881.

3 Pursuant to Section 19616 of the B&P Code,
4 receipts for the years 2005 and 2006 to the State have
5 fallen short by \$40 million -- I'm sorry, back up. Have not
6 reached the \$40 million threshold contained in Section
7 19616.51 of the B&P Code, by a combined \$1.528 million.

8 On January 26th, 2007 CHRB sent letters out to
9 racing associations and fairs regarding the shortfall for
10 the '05 and '06 calendar years. As such, and in accordance
11 with the Code's mandate, each racing association and fair
12 was requested to submit, to CHRB, its pro rata share of the
13 shortfall by March 1st of 2007.

14 As of this notice, \$101,361 have been submitted.

15 Some associations have questioned the dollar
16 amounts reported.

17 We're recommending that a discussion of the F&E
18 shortfall for the 2005 and 2006 calendar years, pursuant to
19 Section 19616.51 of the B&P Code be undertaken today and an
20 action may await final determination and legal opinion as to
21 all amounts that should or must be included in the
22 calculation of the \$40 million baseline.

23 COMMISSION VICE-CHAIRPERSON HARRIS: One thing I'm
24 not clear on, the backup for this item that I had just says
25 "Commissioners only." But has the public been able to

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1 access this data, or at least the racing associations and
2 horsemen impacted, I think they need to review the data and
3 see what their thoughts are on it, and I'm not sure if
4 they've all got this data or not.

5 MS. THURMAN: Yeah, they did get the letter that
6 explained the -- let me back up a little bit. I think it
7 was in November, Mr. Smith, John Reagan, and I met with F&E
8 and reviewed their figures. Those letters would -- at the
9 time we were very comfortable that we thought all the
10 numbers were correct and we sent the letter out.

11 We got, I think the first response was from Mr.
12 Liebau, who indicated that he felt that the calculation was
13 incorrect and that they were talking about all money to all
14 states and various funds.

15 So what we have done is the money that has been
16 submitted has been on hold, we haven't done anything with
17 it. I did speak with Mr. Alvarez, in Senator Flores'
18 office, and they have requested that we put together
19 questions and that Leg. Counsel will -- we'll get an opinion
20 from Leg. Counsel as to what actually should transpire and
21 who owes what, if anything.

22 So I think probably a discussion might be
23 premature, that we should maybe wait for this opinion,
24 first, before we move forward.

25 COMMISSION CHAIRPERSON SHAPIRO: Yeah, I've

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1 reviewed the material that was included in our packet and,
2 frankly, I don't think we are in a position to discuss this
3 intelligently today. I think that, having read what is
4 here, and hearing different views about it, there are a lot
5 of questions that are not answered.

6 And I also not that an opinion or information was
7 sought from our DAG, and that was on June 8th, and
8 unfortunately, he has not had time to thoroughly research it
9 and provide input that I think would be critical to our
10 understanding.

11 DEPUTY ATTORNEY GENERAL KNIGHT: No, I'm sorry,
12 we're waiting for input from the Board. We've addressed the
13 issue in our advice to you, but we need additional
14 information to do further work on it. I don't think this is
15 the place to discuss that. But we're not doing anything on
16 it right now.

17 COMMISSION CHAIRPERSON SHAPIRO: Well, I
18 understand that, but in reading what was given to us, it
19 appeared that there was not a full loop of discussion to
20 allow you to opine --

21 DEPUTY ATTORNEY GENERAL KNIGHT: Correct.

22 COMMISSION CHAIRPERSON SHAPIRO: -- in greater
23 detail, and while you may need that information from the
24 Board, you have not received it yet, from staff.

25 DEPUTY ATTORNEY GENERAL KNIGHT: That's correct.

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1 COMMISSION CHAIRPERSON SHAPIRO: Therefore, I
2 personally would not want for us to have this discussion
3 until we can have the full breadth of your knowledge
4 imparted to us, so that we can make intelligent decisions.

5 And so for that purpose, I think that having a
6 discussion about this at this time is a waste of time.

7 COMMISSION VICE-CHAIRPERSON HARRIS: That's true.
8 I'm not clear if the horsemen have been brought into the
9 loop on this, either, because half of the funds are really
10 their funds. It's half purses and half associations.

11 COMMISSION CHAIRPERSON SHAPIRO: I agree.

12 COMMISSION VICE-CHAIRPERSON HARRIS: So we just
13 need to get everybody on the same page here to understand
14 what's going on.

15 COMMISSION CHAIRPERSON SHAPIRO: And I think it
16 would be helpful if each of the parties, I don't know why
17 people are standing up, like circling here but -- sit down.

18 Okay, I think that perhaps there should be
19 positions put forward by the racing associations, who may
20 feel, have an interpretation of it, and the horsemen, who
21 clearly are going to have an opinion on it, and let's get
22 some discussion behind the scenes before it comes to the
23 Board level, would be my feeling.

24 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, I just
25 don't think we've got enough data to make a firm decision,

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1 at least a legal decision.

2 MR. ZAVALA: I believe, I think, one of the
3 concerns we had as the Board, was just making sure that
4 you're aware of this and that this be at least brought
5 forward to you in a public forum, that was one of our
6 concerns.

7 COMMISSION CHAIRPERSON SHAPIRO: Well, we're aware
8 of it. I'm a little disappointed that we had letters that
9 went out on January 26th, of '07, and here we are on June
10 whatever today, the 18th of '07, and it appears that I don't
11 know what's happened in the interim. I think that we need
12 to avail ourselves of our Attorney Generals, of the Fair and
13 Exposition, and if we need other Leg. Counsel opinion to
14 interpret the law, let's bring this to a greater discussion
15 before just throwing it on our agenda for a discussion. I
16 think more work needs to go into that.

17 COMMISSIONER CHOPER: I think maybe the staff, in
18 light of the discussion, could solicit the views of all of
19 the interested parties, including those who have to pay a
20 piece of it, as Commissioner Harris said, and we ought to
21 get -- it seems to me what the key is, is what the statute -
22 - how the statute defines where the money ought to go.

23 COMMISSION CHAIRPERSON SHAPIRO: Exactly.

24 COMMISSIONER CHOPER: And we certainly ought to
25 get a legal opinion as to that, and I don't see any reason

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1 why it shouldn't be able to happen by the next meeting of
2 the Board, and then we can resolve it in an intelligent and
3 informed fashion.

4 COMMISSION CHAIRPERSON SHAPIRO: I totally agree
5 with you.

6 MR. SMITH: Bon Smith, CHRB staff. That
7 absolutely is our intent at this point is to seek legal
8 guidance from Legislative Counsel as to what the specific
9 mandate of this law was, at the time it was written.

10 We have gotten assurances from the Department of
11 Food and Agriculture, F&E staff, that in no uncertain terms
12 their funds, that is the F&E Fund, the Satellite Wagering
13 account, and the Equine Research Fund were to be the
14 recipients of \$40 million.

15 There's questions about timing of when things go
16 in, when it's accounted for, and that stuff can all be
17 sorted out.

18 But the absolute legal baseline, that's what
19 remains at question. And we just wanted to make sure that
20 this Board was aware of it before the end of our fiscal
21 year, as just one more issue that's kind of sitting on our
22 plate as staff.

23 COMMISSIONER CHOPER: Well, I think that we ought
24 to share, as soon as possible, the written pinion of
25 the -- what is it, the Department of Agriculture counsel, is

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1 that what you're --

2 COMMISSION CHAIRPERSON SHAPIRO: No. No, no,
3 probably Leg. Counsel.

4 COMMISSIONER CHOPER: Whatever it is, the
5 relevant -- the lawyer's opinion from inside, with the
6 people that have to pay on the outside, and if they have any
7 differences, they can submit those as well.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay.

9 COMMISSION VICE-CHAIRPERSON HARRIS: But why don't
10 you have Liebau say something.

11 COMMISSION CHAIRPERSON SHAPIRO: Mr. Liebau?

12 MR. LIEBAU: The letter that we received was dated
13 January 26th. There is an e-mail that was sent to the Board
14 on February 9th, that pretty well sets forth, at least on a
15 preliminary basis, the reasons why at least some of the
16 tracks do not believe that this amount is payable.

17 In order to facilitate your discussion and
18 consideration of this issue, I would like to give you the e-
19 mail that we sent, that sets forth the various issues here
20 that are a result of the question.

21 COMMISSION CHAIRPERSON SHAPIRO: And those are
22 welcome.

23 MR. LIEBAU: Well, so far, frankly, not having
24 received anything since February 9th, I thought that we'd
25 won and it was signed, sealed, and delivered and everything

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1 was over. So I was stunned when I saw this on the agenda,
2 because I thought that, you know, somebody had considered
3 our arguments and deemed them to be very persuasive.

4 COMMISSION CHAIRPERSON SHAPIRO: Well, perhaps you
5 can hand them to Bon, who's sitting right there.

6 COMMISSIONER CHOPER: Yeah, I've had that feeling
7 myself on a number of occasions. Wrong.

8 MR. SMITH: In fact, we are in possession of all
9 these, they will be in the fully vetted package for you.

10 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.
11 And we'll move on, then, to the next item.

12 MR. ENGLISH: Excuse me, Mr. Chairman, can I make
13 a comment about this issue?

14 COMMISSION CHAIRPERSON SHAPIRO: We're not going
15 to have -- we're not going to discuss this issue. That
16 basically we're deferring the item. So it's kind of silly
17 to have a discussion. But we do want your input at the
18 next -- when we do hear it. And if it's something that's
19 urgent, that you must say, Mr. English, you know, I don't
20 want to cut you off.

21 MR. ENGLISH: Yes.

22 COMMISSION CHAIRPERSON SHAPIRO: All right, then
23 if you'll make it brief.

24 MR. ENGLISH: Of course.

25 COMMISSION CHAIRPERSON SHAPIRO: But, again, we're

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1 not going to hear this matter.

2 MR. ENGLISH: I understand that, Commissioner
3 Shapiro. I'd just like to make a few comments as to how we
4 got to this position.

5 As they said, the initial first billing ever for a
6 shortfall went out January 26th. There was a Board meeting
7 two days before that, and I hate to say it, but nobody on
8 the Board had the common courtesy to let anybody know that
9 this billing was coming out, it was the first --

10 COMMISSION CHAIRPERSON SHAPIRO: What Board
11 meeting?

12 MR. ENGLISH: The Horse Racing Board meeting.

13 COMMISSION CHAIRPERSON SHAPIRO: Okay.

14 MR. ENGLISH: And nobody had the courtesy on the
15 staff or the Board to let us know that this million and a
16 half dollar bill was coming out.

17 During the interim, since then, I did research,
18 also, sent this firm a letter on February 23rd --

19 COMMISSION CHAIRPERSON SHAPIRO: And who are you
20 representing, by the way?

21 MR. ENGLISH: Myself, as a CPA.

22 COMMISSION CHAIRPERSON SHAPIRO: So how did you
23 get a letter?

24 MR. ENGLISH: One of my clients is Los Alamitos
25 Race Course, and they showed me a copy of the letter, and I

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1 looked at it. I tried to compare the numbers to CRIMs, they
2 didn't agree, couldn't be reconciled, so I wrote Ms. Fermin
3 a professional letter, saying these numbers don't make
4 sense, they don't agree to CRIMs and, please, has there been
5 a reconciliation, have these numbers been verified? That
6 was February 23rd. To date, I've no response.

7 On March 26th I wrote her a second letter, telling
8 her these items are still pending, we have an audit going
9 on, we have to decide whether or not to disclose it in our
10 financial statements, no response.

11 Wrote again on April 12th, no response, again.

12 So at that point in time I sent a letter to the
13 Board on May 25th, and that's now on the agenda.

14 And so postponing it even longer really points out
15 one of the problems that I wanted to discuss, and that's the
16 communication between the staff, the Board, and the
17 industry.

18 This issue is pretty much an accounting issue,
19 it's really dollars and cents that can be verified, but the
20 Board has not -- the staff has not responded. You can send
21 them letters and it's like a sponge, it goes in and there's
22 no response. No even acknowledgement of it.

23 There's major items on the agenda, especially
24 regarding -- technical items, especially regarding ADW. And
25 we need to work together as an industry. And for us to be

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1 sending stuff to the Board and never have a response, and
2 for them to be uncommunicative and unresponsive is a
3 disservice to the industry.

4 These items of ADW are technical and they need to
5 be addressed. This is the third time that I've requested on
6 this issue to have a subcommittee and discuss ADW reporting
7 and control issues.

8 And again, I'd like to bring that up and ask that
9 the Board think about that in the future.

10 Thank you, I'd be happy to discuss this when it
11 finally comes up on the agenda.

12 COMMISSION CHAIRPERSON SHAPIRO: Thank you, Mr.
13 English. And let me just tell you, you certainly -- you
14 deserve a response. I don't know anything about the letters
15 to staff, but I would tell you that if it --

16 MR. ENGLISH: Well, I believe I sent them to you.

17 COMMISSION CHAIRPERSON SHAPIRO: Let me finish. I
18 think you may have sent me the letter in May, at which point
19 I --

20 MR. ENGLISH: With copies of the prior letters,
21 yes.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay. Well,
23 then, I agree you deserve a response, that's all I'm trying
24 to say. I don't think -- you know, I don't know why there
25 wasn't a response, if there wasn't a response.

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1 MR. ENGLISH: Neither do I.

2 COMMISSION CHAIRPERSON SHAPIRO: All I'm saying,
3 trying to say is I will apologize, that you certainly
4 deserve a response, that's all.

5 MR. ENGLISH: And the industry's better served if
6 there's better communication between staff --

7 COMMISSION CHAIRPERSON SHAPIRO: I agree.

8 MR. ENGLISH: Especially about ADW.

9 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.

10 EXECUTIVE DIRECTOR FERMIN: And I did speak with
11 Mr. English earlier, I did call once, and I did leave a
12 message, and you did get caught in a situation where,
13 unfortunately, you were not responded to. I apologize for
14 that. We also were in a huge transition with auditors at
15 the time. And that's not an excuse, but that's probably
16 what happened.

17 MR. ENGLISH: I believe the proper protocol, at
18 least mine is, if I get a call, I return a call. If I get
19 e-mail, I return e-mail. If I get a letter, I send a
20 letter.

21 COMMISSION CHAIRPERSON SHAPIRO: Okay, Mr.
22 English, thank you, it's noted. We're going to move on to
23 the next agenda item.

24 MR. JAMGOTCHIAN: Mr. Shapiro?

25 COMMISSION CHAIRPERSON SHAPIRO: No, we're going

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1 to defer -- we're deferring that matter.

2 MR. JAMGOTCHIAN: No, no, no, you just -- now, let
3 me tell you this --

4 COMMISSION CHAIRPERSON SHAPIRO: I'm sorry, we're
5 deferring the matter.

6 MR. JAMGOTCHIAN: If you want to get sued under
7 the Brown Act for violating my rights, here's a classic
8 example of letting Mr. English speak.

9 COMMISSION CHAIRPERSON SHAPIRO: Mr.
10 Jamgotchian --

11 MR. JAMGOTCHIAN: I'm going to sue you, Mr.
12 Shapiro. If you want to accept this? I think, Mr. Choper,
13 do you understand the Brown Act and maybe you can advise him
14 with regards to this issue?

15 COMMISSIONER CHOPER: No. No, we got to move on.

16 COMMISSION VICE-CHAIRPERSON HARRIS: But we're not
17 taking any action on this issue.

18 MR. JAMGOTCHIAN: No, I understand, but you've let
19 Mr. English come up and speak. I have 30 seconds, I'd like
20 to provide you some information. And if you're not going to
21 do this, I assure you, I'm going to sue you.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay. Mr.
23 Jamgotchian, you can sue anybody you wish.

24 MR. JAMGOTCHIAN: Okay, fine.

25 COMMISSION CHAIRPERSON SHAPIRO: What is it you

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1 want to say in 30 seconds?

2 MR. JAMGOTCHIAN: In 30 seconds I'd like to say
3 this is another classic example of the lack of leadership by
4 Ms. Fermin. Now, with regards to this issue, a million and
5 a half dollars is unaccounted for and it's been unaccounted
6 for since January 26th. What is going on with the Racing
7 Board? This is a lot of money. Some associations, I know,
8 six associations have paid 101,000. Who paid it and why?
9 Who hasn't paid it and why not?

10 I mean, why isn't there a staff report outlined to
11 show that information? Thank you.

12 COMMISSION CHAIRPERSON SHAPIRO: Thank you, Mr.
13 Jamgotchian.

14 All right, moving on to Item Number 11.

15 MR. ZAVALA: Okay, Roberto Zavala, CHRB staff.
16 Report on the request for approval of charity distribution.
17 The Oak Tree Racing Association is requesting that the Board
18 approve its proposed distribution of Charity Race Day
19 proceeds in the amount of \$66,800. A list of 27
20 beneficiaries is attached.

21 The distribution will give more than 83 percent to
22 industry related organizations.

23 The staff recommends that the Board approve this
24 request.

25 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

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1 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, Oak
2 Tree has also been very generous, in addition to these
3 Charitable Day contributions, in their overall
4 contributions. It might be good, at some point, send us
5 what they've done there just to get the whole picture, too.
6 But I'll move we approve this.

7 COMMISSION CHAIRPERSON SHAPIRO: Is there a
8 second?

9 COMMISSIONER MOSS: Second.

10 COMMISSION CHAIRPERSON SHAPIRO: All those in
11 favor?

12 (Ayes.)

13 COMMISSION CHAIRPERSON SHAPIRO: It's approved.

14 Item Number 12, report of the Medication
15 Committee. Yesterday, the Medication Committee met, that
16 was Commissioner Harris and I, and we heard a number of
17 issues, one of which will be coming up immediately in the
18 hereafter, which is to reclassify certain drugs, and we'll
19 have Dr. Arthur report on that.

20 There was also a discussion about tracking of
21 injuries and accidents, and I thought it was a great
22 meeting.

23 But, Dr. Arthur, why don't we blend this into the
24 next issue, if I could, and ask you to come to the table and
25 you can add anything to the Medication Committee report and

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1 also deal with Item Number 13.

2 EQUINE MEDICAL DIRECTOR ARTHUR: Yes, I'm Dr.

3 Arthur, the Equine Medical Director.

4 The major items we discussed were the national
5 injury reporting system or program that's going to be in
6 place. California will be participating. We have our own
7 system and we're trying to work out the best ways to mesh
8 this with our current programs, and I think it will work
9 very, very well.

10 The other issues that we discussed were
11 examinations, pre-race examination procedures and trying to
12 identify horses at risk. That will be an item for future
13 discussion and, hopefully, action.

14 And the other, last issue, was trying to develop a
15 way to run claiming races where there is no longer an
16 incentive to run a horse that is compromised, and see if
17 there's a way to take that incentive out of that particular
18 process.

19 COMMISSION CHAIRPERSON SHAPIRO: And I just want
20 to add, and I think you would join with me, that I thought
21 it was a very useful discussion and it was great.

22 However, we have to find a way to better let
23 people on the backside know about it. I know I was on the
24 backside this morning, and I ran into a few people and I
25 said, gee, why didn't you come to the meeting yesterday, and

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1 they said "what meeting?"

2 And I turned to one, who was a vet, and I said,
3 well, why didn't you -- it was on the overnight. And they
4 said to me, "no, it wasn't" and he pulled out the
5 overnights. Somehow we need to find a way to get these
6 people's e-mail addresses and let them know in advance that
7 there are these meetings.

8 One of them has asked to be contacted, so somehow
9 we have to do a better way of distributing, to notify the
10 vets and some of the trainers to come to these meetings.

11 EQUINE MEDICAL DIRECTOR ARTHUR: I agree with you
12 entirely, and I think we do have to identify a staff
13 personnel who is specifically responsible for that task, and
14 make sure that that is done properly.

15 COMMISSION CHAIRPERSON SHAPIRO: Well, I would
16 like to nominate Mike Marten, who is sitting over there.

17 COMMISSION VICE-CHAIRPERSON HARRIS: I think
18 Mike's very capable, but I think the thing is we need to
19 really give him something to give out. Some of these
20 notices of these, when they go out, sound so technical that
21 we need to get it right down to something that's a grabber
22 for the trainers. Like one of the proposals on there was to
23 require continuing education for trainers, and different
24 things like that, that would maybe get some there.

25 COMMISSION CHAIRPERSON SHAPIRO: Just put we're

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1 going to ban clenbuterol on every agenda and then maybe
2 they'll --

3 EQUINE MEDICAL DIRECTOR ARTHUR: That was
4 certainly the most effective way to get people at meetings.
5 But I agree, I think the communication could be a little bit
6 better.

7 Do you want to move along to the next agenda item?

8 COMMISSION CHAIRPERSON SHAPIRO: Yes, yes.

9 EQUINE MEDICAL DIRECTOR ARTHUR: This is really a
10 technical change that we have to do from time to time.
11 There's about 48 drugs on this list that had not previously
12 been classified. Primarily, they are nonsteroidal anti-
13 inflammatory drugs, could be similar to bute and Advil,
14 those sorts of things, some of which are available in this
15 country and some aren't. And anabolic steroids, which also
16 need to be classified.

17 This is the -- these are the recommendations of
18 the RCI Veterinary Pharmacy Committee, that is composed of
19 Dr. Tom Tobin, Dr. Rick Sams, Dr. Baker, who used to be at
20 UC Davis, and Dr. Larry Soma.

21 Dr. Stanley and I agree with all of these
22 classifications, with a few exceptions that I'm going to
23 point out. The first of which is nandrolone, with is an
24 anabolic steroid known as Durabolin. Dr. Stanley and I
25 recommend that that be a Class 4 drug and a Class B penalty.

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1 This is in line with our discussions about moving forward
2 with anabolic steroids from our February meeting.

3 That boldenone, stanozolol, testosterone, and
4 nandrolone be D, category D penalties, and the rest of them
5 are drugs that are not currently classified.

6 So this is really a technical change to 1843.2, to
7 take care of these drugs that need to be reclassified, or
8 that need to be classified at all.

9 Are there any specific questions?

10 COMMISSION VICE-CHAIRPERSON HARRIS: I think one
11 of my concerns was on the anabolic steroids, which I can see
12 both sides of the whole issue there, as far as why there
13 might be a virtue of just banning them completely at some
14 point versus why they may well have merit as something we
15 want to keep around for certain instances.

16 But my concern is that if we put them as something
17 we're testing and it becomes a category of violation, how do
18 we really enforce it, because we've got horses shipping in
19 from other states that may have had it, or they might have
20 had it here, it seems like it's kind of gray how often you
21 can give a horse something like Equipoise and still be okay.

22 EQUINE MEDICAL DIRECTOR ARTHUR: Well, Equipoise,
23 which is boldenone, stanozolol, which is Winstrol,
24 Durabolin, which is nandrolone, and Testosterone, which is
25 testosterone, are going to be Category D penalties. Those

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1 are only warnings and there's no sanction, no purse
2 redistribution and no fine associated with that, and that's
3 not changing.

4 COMMISSION VICE-CHAIRPERSON HARRIS: Okay.

5 EQUINE MEDICAL DIRECTOR ARTHUR: What we are
6 taking the action on are some of the exotic anabolic
7 steroids that are rarely used. The only drug on this list
8 that we've had in the past is trenbolone, which is an
9 anabolic steroid that's actually a pellet inserted under the
10 skin, and long acting, and that will actually become a Class
11 3, which will require a purse redistribution.

12 But the most commonly used anabolic steroids,
13 stanozolol and boldenone, it's actually taking away the
14 penalty on those particular drugs. We rarely call them
15 unless they are given too close to a race.

16 This actually gives us a mechanism to determine
17 withdrawal times for those drugs, when and if the industry
18 goes forward and bans anabolic steroids in the future. So
19 it's a win/win situation.

20 COMMISSIONER ANDREINI: Dr. Arthur, what is
21 Winstrol-V, what is that?

22 EQUINE MEDICAL DIRECTOR ARTHUR: That is
23 stanozolol. That would be a Class 4 drug and it's going to
24 be a Category D penalty.

25 COMMISSIONER ANDREINI: D?

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1 EQUINE MEDICAL DIRECTOR ARTHUR: D, as in warning.

2 COMMISSIONER ANDREINI: I see, the same as
3 the --

4 COMMISSION VICE-CHAIRPERSON HARRIS: But just for
5 practical purposes, there are a lot of horses on the
6 backstretch that are on either Winstrol or Equipoise. So
7 would this one, who was on a regime of that, would it come
8 back with a warning possibly every time it ran?

9 EQUINE MEDICAL DIRECTOR ARTHUR: Currently, we
10 test for these drugs and they're actually Class 4 penalties.
11 And occasionally they're called, but it's only in unusual
12 circumstances.

13 What we're going to be doing in the next six
14 months is actually modifying our testing process so we can
15 identify these drugs longer out.

16 We don't want to be penalizing our horsemen during
17 this transition period, and this is why we're taking this
18 particular action.

19 Some of the warnings may be just an FYI, we're not
20 intending to take any action. But what we will do is go
21 back and see when that horse was treated for stanozolol, for
22 example, find out when we picked it up, so that we can
23 eventually advise horsemen on withdrawal times and avoid
24 positives.

25 Our goal here is to avoid positives, letting

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1 people know where the out-of-bounds lines are so that we
2 don't have to deal with these problems.

3 It's very frustrating that the majority of all the
4 positives we deal with are for drug residues, with no
5 intention to influence the outcome of the race. And this is
6 a way to transition into this, and along the lines that we
7 discussed at the Medication meeting in January and February.

8 COMMISSION VICE-CHAIRPERSON HARRIS: Our current
9 rules would prohibit administration of anything other than
10 an anti-inflammatory within 48 hours.

11 EQUINE MEDICAL DIRECTOR ARTHUR: Correct.

12 COMMISSION VICE-CHAIRPERSON HARRIS: So that would
13 throw out some of those. But I don't know what the protocol
14 is, now, with the practicing vets, how far out would they
15 think about giving Equipoise or Winstrol?

16 EQUINE MEDICAL DIRECTOR ARTHUR: Equipoise,
17 usually, you don't give it very close. It's fat liposoluble
18 drug, it takes it a while to act.

19 Stanazolol has a little bit quicker action, but
20 you'd never give those drugs within 48 hours. It wouldn't
21 make any pharmacological sense.

22 COMMISSION VICE-CHAIRPERSON HARRIS: But those
23 aren't really give with a race in mind, it's more of a
24 regime, as far as I understand it, it's given to increase
25 appetite or something like that.

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1 EQUINE MEDICAL DIRECTOR ARTHUR: Very frequently
2 they're used as a barn protocol in those barns that use
3 anabolic steroids, correct.

4 COMMISSION CHAIRPERSON SHAPIRO: All right, given
5 that, I'll entertain a motion to approve this, this is for a
6 45-day comment period.

7 COMMISSION VICE-CHAIRPERSON HARRIS: One of the
8 things, though, if we do that, which I think it's good to go
9 ahead and get the comments, let's make sure that we have
10 people in the industry understand, because it's a pretty
11 complicated thing we're doing here, and even though I
12 endorse it, I don't think we want to just have people not
13 understand what all is involved.

14 COMMISSION CHAIRPERSON SHAPIRO: Again --

15 EQUINE MEDICAL DIRECTOR ARTHUR: The problem is
16 trying to get them to listen when we talk to them.

17 COMMISSION CHAIRPERSON SHAPIRO: Well, you know
18 what, I think that we have to lean upon CTT, and Mike,
19 you'll just have to really try to put fliers out, and make
20 sure that we have the e-mail addresses of the vets and, you
21 know, trainers, and really make a concerted effort.

22 But I think Commissioner Moss -- I asked for a
23 motion and Commissioner Moss made the motion. Is there a
24 second?

25 COMMISSION VICE-CHAIRPERSON HARRIS: Second.

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1 EQUINE MEDICAL DIRECTOR ARTHUR: Let me make one
2 more comment here, real quickly.

3 COMMISSION CHAIRPERSON SHAPIRO: Yes.

4 EQUINE MEDICAL DIRECTOR ARTHUR: There are four
5 other drugs that we've identified as Class 1-P, and that's
6 an A penalty, and those are erythropoietin, darb-
7 erythropoietin, Growth Hormone, and equine recombinant
8 Growth Hormone. That's also different from the RCI, but it
9 would be part and parcel of our out-of-competition testing
10 program.

11 Thank you, Mr. Chairman.

12 COMMISSION CHAIRPERSON SHAPIRO: Thank you. There
13 being no other discussion, all those in favor?

14 (Ayes.)

15 COMMISSION CHAIRPERSON SHAPIRO: Everybody is in
16 favor. Thank you, Dr. Arthur.

17 Okay, that will lead us into public comment.
18 Cliff Goodrich?

19 MR. GOODRICH: Thank you, Mr. Chairman,
20 Commissioners. I know the day is wearing on and I will try
21 and be brief. I'm Cliff Goodrich, representing Fairplex.
22 We had a GO meeting last Wednesday which, as the Chairman
23 said, I think very well.

24 Commissioner Moss used the word "certainty" today.
25 And what I'd like to bring up and I realize it's a non-

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1 action item, but on behalf of Fairplex, we have some
2 suggestions. Is with everything that has happened, it is
3 understandable, I think racing dates in Southern California,
4 long-term, have kind of fallen off the radar screen.

5 And as Commissioner Moss says, I think everybody
6 needs some certainty as we move forward.

7 As I sit here, and I'm not putting Jack or
8 Hollywood Park on the spot today, because they don't even
9 need to respond, but as a matter of public record, as we sit
10 here, September 23rd, 2008 is the last date Hollywood Park
11 is committed to unless and, hopefully, there is acceptable
12 mitigation that comes forth before that time.

13 Fortunately, or hopefully not unfortunately, the
14 Legislature adjourns by the time this Board meets in
15 September.

16 So in a way of thinking, as we look at long-term
17 dates, Hollywood kind of has a free look. We can go ahead
18 and plan a calendar with Hollywood, we can do one without
19 Hollywood, and if we are successful, legislatively, and
20 Hollywood accepts that mitigation then, hopefully, they are
21 committed to long-term, in perpetuity, or whatever language
22 they want to use, and all of our time in looking at a long-
23 term calendar would have been wasted. But nevertheless, I
24 think we have to do it.

25 What we're going to suggest at Fairplex is that

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1 the Strategic Dates and Planning Committee again become
2 active, that we all continue to push for significant
3 legislation in the ensuing months, but that we commence
4 discussions on a 2008 calendar and probably, more
5 importantly, 2009 and beyond.

6 I don't think there's anything in the law or the
7 rules that prohibits this Board from allocating a long-term
8 dates calendar, and it is Fairplex's suggestion that we all
9 work towards that at the September Board meeting, when we
10 will all know the results of the legislation. Because at
11 that point in time we will know what we know and Hollywood,
12 hopefully, by that time can render a decision on a date
13 certain, much like is being asked in the north, as to when
14 they will cease racing if, in fact, they do. If, in fact,
15 that is the outcome, hopefully, we will have a calendar in
16 hand to recommend and, hopefully, be adopted by the Board.
17 It may or may not take some changes in legislation, but I
18 think it's necessary.

19 Because if today Hollywood came forth and said
20 we're done September 23rd, 2008, and they haven't said that,
21 they're hoping to race beyond that, I could tell you
22 Fairplex could not be ready and I don't think Los Alamitos,
23 though they could speak for themselves, could be ready to
24 have a mile track, synthetic surface, inside grass course,
25 et cetera, et cetera, et cetera.

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1 And I will again say the future of San Luis Rey
2 Downs is in doubt. The future of Hollywood Park is in
3 doubt. Where are horses going to stable and train for the
4 Santa Anita and Del Mar meets if the Fairplex or Los
5 Alamitos is under construction, converting a half-mile or
6 five-eighths mile track to a full-mile track, because I
7 don't think you can train horses in those kinds of
8 conditions. And we believe this situation is at a crisis.

9 So our suggestion today is that we again activate
10 the Strategic Planning and Dates Committee. This industry
11 work together for 2008, and 2009 and beyond, on a multi-year
12 calendar that, hopefully, includes Hollywood. But by
13 September, Hollywood can advise this Board as to their
14 plans. But this industry needs to know a date certain that
15 Hollywood will commit to. Hopefully, it's years to come.
16 But if not, if it's shorter, we need to know that in order
17 to move forward. Thank you.

18 COMMISSION CHAIRPERSON SHAPIRO: Thank you, Cliff.

19 COMMISSION VICE-CHAIRPERSON HARRIS: It would be
20 good if we had the staff or AG's office research our ability
21 to do a multi-year calendar, because I'm not clear if we can
22 or not. I'm assuming we can.

23 COMMISSION CHAIRPERSON SHAPIRO: Well, why don't
24 we ask --

25 DEPUTY ATTORNEY GENERAL KNIGHT: I think we've

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1 already -- you can.

2 COMMISSION CHAIRPERSON SHAPIRO: We can.

3 COMMISSION VICE-CHAIRPERSON HARRIS: We can.

4 DEPUTY ATTORNEY GENERAL KNIGHT: Yeah, there's no
5 restriction on that.

6 COMMISSION VICE-CHAIRPERSON HARRIS: It would seem
7 like you'd have to do that and then also have some what-if,
8 if someone's got a date and decides not to run, that there's
9 some forfeiture fee or something.

10 COMMISSION CHAIRPERSON SHAPIRO: I agree with
11 that, too. Because one of the things that we've never
12 focused on is, you know, if somebody said, well, thanks for
13 the dates but I'm not doing it, and the industry could be
14 held, I think there has to be -- it's something that we
15 would have to look at very seriously.

16 And I think Commissioner Choper asked a similar
17 type of question at the last Board meeting, as to what the
18 remedies of the Board are, and I believe we did receive a
19 memo on that.

20 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, it
21 should be something, maybe a kind of liquidated damages type
22 clause.

23 COMMISSION CHAIRPERSON SHAPIRO: Right. Okay, Mr.
24 Jamgotchian?

25 MR. JAMGOTCHIAN: You know, sitting here, Jerry

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1 Jamgotchian, I just got a revelation that, really, the
2 Executive Director of the CHRB should be Cliff Goodrich. In
3 just five minutes he focused on some significant problems
4 that all of you, including Ms. Fermin, ignore on a daily
5 basis. So maybe he's your option, in lieu of Ms. Fermin.

6 And with regards to Ms. Fermin, I think you should
7 schedule a competency hearing on the next agenda, for Ms.
8 Fermin, because I think that horse racing needs a strong
9 executive director and not a former steward, with no
10 business experience, and lives in San Diego.

11 So if you would consider a competency hearing, I'd
12 like to hear the members of this Committee discuss Mrs.
13 Fermin and her fantastic direction of the California Horse
14 Racing Board.

15 Additionally, thanks to Ms. Fermin, the CHRB got
16 sued again for Ms. Fermin's outright violation of the Public
17 Records Act. Here's a copy of the lawsuit for you, Ms.
18 Fermin was served last week.

19 I'll also note that Mr. Vienna resigns his
20 position, probably because of some action taken by the
21 Governor's Office. But it's interesting, one of his
22 comments were, "there's no more for me to do."

23 Well, if there's no more for him to do, are you
24 telling the racing owners, as well as the trainers, that the
25 rule book is in great shape and we don't have to worry about

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1 anymore rules, issues, and everything's perfect in horse
2 racing? Obviously, that statement's not true, Mr. Shapiro,
3 and at the GO Committee hearing I think you mislead some
4 people. But when we get the transcript, we'll look at it
5 closely.

6 Additionally, I note that there's no heel nervning
7 on this agenda. Would you like to explain why or you just
8 want to ignore the safety of horses? Okay. Well, we'll get
9 the PETA people here at the next meeting and they can maybe
10 talk to you about heel nervning.

11 I do offer, for your review, an article that came
12 out about heel nervning, and it was in the Bloodhorse, and
13 although I know you're not interested in the safety of
14 horses, Mr. Shapiro, I will state that it says --

15 COMMISSIONER CHOPER: You know, I think that's
16 really gratuitous.

17 MR. JAMGOTCHIAN: Well, but it's true. It's true.

18 COMMISSIONER CHOPER: And I want to say something.

19 MR. JAMGOTCHIAN: Sure.

20 COMMISSIONER CHOPER: I'm only in the middle of my
21 second meeting here, and I'm sure that this Board, like
22 every other group or board, is not perfect. But I'll tell
23 you one thing they're pretty perfect at, I have never seen a
24 display of patience, as much as they manifest during these
25 hearings.

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1 I mean, I have sat through many, many meetings in
2 my lifetime, and I never experienced anyone who just makes
3 gratuitous attacks the way you've been doing. And I want to
4 speak for myself, only, you keep referring to conflicts, and
5 misconduct, and I'm not exactly sure what the conflicts are,
6 but you've repeated -- I want to say this is only a meeting
7 and a half, I get the point. Let me just finish.

8 MR. JAMGOTCHIAN: Sure.

9 COMMISSIONER CHOPER: I just think your continuing
10 to do this is distracting and it not only undermines several
11 helpful points in the meeting and a half that I've heard you
12 make, but it's totally counter productive.

13 MR. JAMGOTCHIAN: You know, I would agree with you
14 to a point, except that about six months ago -- the attacks
15 certainly have helped the industry. And a lot of people,
16 including former CHRB employees, current CHRB employees,
17 provide me with information that if you knew, Mr. Choper,
18 you'd stand on my side and say, hey, he's right. Just as
19 the --

20 COMMISSIONER CHOPER: Let me say this, I know I
21 don't know any of that, but I would say that all of those
22 efforts can be made without going after people personally.
23 You can go after things that people have done, and then
24 criticize that. I'm certainly used to that, I mean,
25 directed at me. I'm not perfect, either. At least a lot of

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1 people don't think so. But you just really, you're
2 undermining your own effectiveness.

3 MR. JAMGOTCHIAN: As I said, I don't disagree with
4 you in some regards, but I got to tell you the recent GO
5 Committee Oversight hearing, with the information that was
6 provided to some of the Senators, they thanked me for that
7 information, because just as Mr. English got up here and
8 said that Ms. Fermin refuses to respond to him, Ms. Fermin
9 hides information, I mean, I got \$18,000 in sanctions in the
10 Superior Court against Ms. Fermin and the CHRB, and I'm
11 going to get another \$15,000 in sanctions in this case.

12 So, you know, obviously, I have a major stake in
13 California horse racing, and I don't see anything in this
14 Board, I don't see anything positive in this Board, I don't
15 see anything positive with Ms. Fermin that shows me that
16 there's any light at the end of the tunnel.

17 When you have Mr. Stronach coming up here and
18 saying racing is dead in California, doesn't that bother
19 you?

20 COMMISSIONER CHOPER: I don't want to, I mean,
21 debate this with you. But I think it is the grossest of
22 overstatements, the three things that you've said. I mean,
23 you don't see anything good, it's all bad, racing is dead.
24 It doesn't seem dead to me. I was out last Sunday, they
25 were running. They were running in Stockton, they weren't

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1 dead there. And they were running at Hollywood, and they
2 weren't dead there, either, as you well know.

3 So I mean, it doesn't pay to make those
4 overstatements. Make your points, but don't go after people
5 in the way you have, is my humble advice. Speaking for
6 myself, only.

7 MR. JAMGOTCHIAN: I agree with some portion of
8 that. I know racing wasn't dead on Sunday because I won a
9 race at that racetrack.

10 COMMISSIONER CHOPER: That's what I meant.

11 MR. JAMGOTCHIAN: So from my perspective, I don't
12 disagree with you, except that there's no way that I see
13 this Board taking the aggressive action it needs to
14 structurally change this industry, and that's what it takes.

15 You have the racetracks up here that aren't making
16 any money.

17 How can Cliff Goodrich go to a group of investors
18 and say I want to put in \$50 million to build a racetrack,
19 when Santa Anita is not economically feasible, Hollywood
20 Park is not economically feasible, Bay Meadows is not
21 economically feasible, there's no economic justification to
22 go into horse racing.

23 As a horse owner of 158 horses, I know that
24 firsthand. I think Mr. Moss recognizes that, that's why
25 he's running outside the State in many instances, just like

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1 I am.

2 So from my perspective, you're right, your tenure
3 on the Board, certainly you'll learn a lot as to what the
4 future holds. But I'm strongly in a position that we need
5 new leadership.

6 And if I get maybe personal in my attacks, that's
7 the way it is and I'm sorry.

8 EXECUTIVE DIRECTOR FERMIN: I'd like to add
9 something and thank Mr. Choper for bringing something up,
10 that one of the things that I think that Mr. Jamgotchian
11 continually confuses is that as you talk about the various
12 racing associations, they are the businesses. We, as a
13 Board, and staff, we happen to be the regulatory agency. We
14 have very little control over how racing associations handle
15 their business, and their attendance, and such. That has
16 nothing to do with the Board and I think you need to learn
17 that distinction between the regulatory agency and the
18 business.

19 Secondly, as Commissioner Choper has mentioned,
20 that there are a lot of very good things that have happened
21 in the last couple of years, things which evidently you
22 choose not to look at. But we've gone, for instance, a
23 state-of-the-art laboratory, that's part of our regulatory
24 business. We have out-of-competition testing.

25 There are other states that look to California as

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1 being number one, not whether it's Mrs. Fermin, or whoever
2 it is, but the fact that this Board works very hard and
3 they've done a lot of very good things, something that you
4 have not recognized one single thing for.

5 MR. JAMGOTCHIAN: You know, Ms. Fermin, don't even
6 waste your --

7 EXECUTIVE DIRECTOR FERMIN: And, you know what --

8 COMMISSION CHAIRPERSON SHAPIRO: Let her finish.

9 MR. JAMGOTCHIAN: Well, let her finish.

10 EXECUTIVE DIRECTOR FERMIN: And rather than
11 commend Dr. Arthur for the things that he's done, or for a
12 lot of the hard work that staff does in between, or what the
13 investigators do, or some of the things that have been
14 written for the investigators' training, training for the
15 stewards, rather than look at, you know, some of the
16 negative things about what is Dr. Arthur doing otherwise, or
17 what has Mr. Vienna done, perhaps maybe looking at some of
18 the positive things that they've done.

19 And I think it's really very unfortunate to have
20 such a negative outlook on absolutely everything.

21 MR. JAMGOTCHIAN: Well, I think that the negative
22 outlook has been basically ensured by what the race track
23 associations are saying about the administration of horse
24 racing under your control. So if they're not making money,
25 then it's your obligation as a business person, and as

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1 Executive Director, to figure out ways to help them to be
2 profitable.

3 COMMISSIONER MOSS: That's not our job. Didn't
4 you just hear that, that's not our job.

5 MR. JAMGOTCHIAN: No, no, excuse me, but the
6 regulatory scheme that's currently involved with the
7 industry is not working. He said the system is broken, Mr.
8 Moss. You can sit back there and say it's not your job, but
9 who's job is it? It's nobody's job, you're right, and
10 that's the reason why horse racing will continue in a
11 downward spiral.

12 With regards to other issues -- and here's another
13 classic example, we have two trainers out here, both have
14 absconded with owners' monies, and neither one of these
15 trainers have ever been sanctioned by this Board.

16 Now, to me, that's just ridiculous. If that
17 happened to another trainer, they'd be sanctioned. But this
18 Board does nothing about it and Ms. Fermin does nothing
19 about it because he's related to her.

20 I've sent memos to the Board, ignored. There's
21 not even been an investigation done to see if there was
22 actual wrong doing. In the case of one trainer, he was
23 found guilty in court and, Mr. Choper, he still has a
24 license to train horses.

25 With regards to --

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1 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
2 your time's almost up, so please wind it up.

3 MR. JAMGOTCHIAN: Okay. Is there a line item
4 budget for the CHRB, do you know? Is there a line item
5 budget?

6 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
7 there is a budget, but please --

8 MR. JAMGOTCHIAN: Is it a line item budget,
9 because I've requested it and they say that one doesn't
10 exist. Do you know if a line item budget exists?

11 COMMISSION VICE-CHAIRPERSON HARRIS: I think it's
12 in our annual report?

13 MR. JAMGOTCHIAN: It's not, it's not a line item.
14 I have the annual report and that's why I asked the
15 question.

16 COMMISSION CHAIRPERSON SHAPIRO: All right, go
17 ahead.

18 MR. JAMGOTCHIAN: You know, the last thing I'd
19 like to say is, you know, the thing that you haven't done,
20 that I wish you'd do, is I wish you'd lower the take-out.

21 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

22 MR. JAMGOTCHIAN: That would be some good
23 leadership, wouldn't it?

24 COMMISSION CHAIRPERSON SHAPIRO: I wish we could,
25 too.

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1 COMMISSION VICE-CHAIRPERSON HARRIS: That's a
2 legislative thing, you need to go to the Legislature.

3 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,
4 this will be the final word at this meeting. I believe that
5 we have all tried to be respectful and listen to your
6 comments at every one of our Board meetings, and the truth
7 is that you have, on occasion, come up with some issues that
8 deserved attention and deserved further research, and things
9 that I think have helped to try and improve certain aspects
10 of our rules.

11 But as I think you can see, as evidenced by this
12 Board, and other members who aren't even here, that to
13 continue to attack on issues when you don't seem to
14 understand the limitations of a regulatory body, including
15 such where you would think that this Board could alter the
16 take-out on horse racing, that's not our function. It's not
17 our role, it's not our job. And while it may be our desire,
18 it is also not within our power to do.

19 And there are certain other things where we are
20 required to follow certain regulatory processes, so that we
21 can try to provide a fair and balanced opportunity for all
22 participants in racing.

23 And you and I have spoken on numerous occasions, I
24 would ask you if you would come forth in a more constructive
25 manner. And your attitude, as you said to me, is that you

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1 believe that you're better off destroying and tearing it
2 down before it can get better.

3 Unfortunately, I don't share that view. We are
4 trying the best we can. All of us up here, that are
5 Commissioners, we are volunteers for this job. We are
6 putting in the time and the energy to help the industry.

7 And everybody who sits in the audience, even when
8 we don't agree, everybody wants to see this industry thrive
9 and prosper, everybody. Nobody wants to tear it down or
10 destroy it, except you.

11 And I would ask that you, please, come forth in a
12 constructive manner and work with everybody in the industry,
13 don't sit there by yourself, alone, join the rest of us so
14 that we can all try to create a brighter future for
15 California horse racing. That's all we're trying to do.

16 With that, on a sad note, I was handed an e-mail
17 that Ed Friendly passed away. And I didn't know Ed well,
18 personally, but I know that he was a long-time owner,
19 participant, founder of TOC, I believe. And so he
20 apparently passed away on Sunday, and I think that he passed
21 away in Texas. And it's unfortunate and I'm sure that it's
22 a sad day for many people, including his family, and I just
23 thought it should go on the record as being noted.

24 COMMISSION VICE-CHAIRPERSON HARRIS: Yeah, Ed was
25 a true lover of this sport and he did a lot, and he'll be

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1 missed. I always remember him driving around in his
2 convertible, with his poodle, at Del Mar.

3 COMMISSION CHAIRPERSON SHAPIRO: So with that, I
4 would like to thank everybody and we'll see you at the next
5 Board meeting. Thank you very much.

6 (Thereupon the California Horse Racing
7 Board General Meeting was adjourned at
8 2:38 p.m.)

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CERTIFICATE OF REPORTER

I, TROY A. RAY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of June, 2007.

Troy A. Ray

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